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FINANCIAL REPORT

STATE OF KANSAS

JANUARY 29, 1861

1988 FISCAL YEAR

Department of Administration
Division of Accounts and Reports

STATE OF KANSAS

Department of Administration

Division of Accounts and Reports

FINANCIAL REPORT

For Period

July 1, 1987 to June 30, 1988

AD ASTRA PER ASPERA
JANUARY 29, 1861

MIKE HAYDEN
Governor

SHELBY SMITH
Secretary of Administration
DEPARTMENT OF ADMINISTRATION

JAMES R. COBLER
Director
DIVISION OF ACCOUNTS AND REPORTS

STATE OF KANSAS

DEPARTMENT OF ADMINISTRATION
DIVISION OF ACCOUNTS AND REPORTS

MIKE HAYDEN
Governor

JAMES R. COBLER
Director of Accounts and Reports

900 Jackson, Room 251
Landon State Office Building
Topeka, Kansas 66612-1220
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November 4, 1988

The Honorable Mike Hayden
Governor of the State of Kansas

Dear Governor Hayden:

Submitted herewith is the thirty-fifth Annual Financial Report of the State of Kansas prepared by the Division of Accounts and Reports, Department of Administration, in compliance with K.S.A. 75-3735 and the requirements contained therein.

This report includes a summarization of the financial transactions recorded in the central accounting records for the fiscal year ending June 30, 1988. These financial transactions are summarized into nine major fund class groupings which are found in Sections II through X. In addition, information pertaining to the general long-term obligations account group of the State is provided in Section XI. Notes to the financial statements, which are an integral part of the financial statements, are found in Section XII.

Of particular interest is the condition of the State General Fund which reflects a balance at June 30, 1988, of $269,160,087.05 that is available to finance appropriations of the succeeding fiscal year. Also of particular interest are the payments in the form of aid to local government units that amounted to $912,912,876.30 or 48.5 percent of the expenditures made from the State General Fund during fiscal year 1988. For additional highlights pertaining to some of the major elements of the state's operation for this period, your attention is invited to the section of the report entitled "Highlights of Selected Financial Activities".

More detailed information pertaining to individual funds and other miscellaneous financial information will be published in a supplemental volume at a later date.

If this office can provide additional information or answer any questions concerning items contained in this report, please let me know.

Respectfully submitted,

James R. Cobler

James R. Cobler, Director
Division of Accounts and Reports

JRC:db

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STATE OF KANSAS
HIGHLIGHTS OF SELECTED FINANCIAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1988

STATE GENERAL FUND

The State General Fund is maintained to finance all authorized governmental activities not provided by special funds. Revenues not dedicated for special funds by law are deposited into the State General Fund. Disbursements from the State General Fund are authorized by legislative appropriation acts.

Information on the State General Fund transactions are presented below and on the following pages through the use of charts, graphs, statements and comments. Additional details on the revenues, expenditures, appropriations and balances of the State General Fund are presented in Section II of this report.

The unencumbered cash balance available to finance succeeding fiscal year appropriations at June 30, 1988 increased to $269,160,087.05. This increase is primarily due to an increase in fiscal year 1988 revenue of $334.5 million.

A comparison of the unencumbered cash balance of the State General Fund at June 30, 1988, and June 30, 1987, is presented in the statement below. A graph showing revenues, expenditures and available balances at the close of fiscal years 1979 through 1988 is presented on page ix of this report.

STATE GENERAL FUND
COMPARISON OF RESOURCES AVAILABLE FOR APPROPRIATIONS
FOR THE FISCAL YEARS ENDING JUNE 30

	1988	1987
Cash with State Treasurer at June 30--------------	$347,046,543.88	$113,899,419.75
Less Outstanding Obligations:		
Unredeemed Warrants-----------------------	$ 25,696,805.87	$ 24,723,263.57
Unliquidated Encumbrances-----------------	20,135,819.72	15,922,946.30
Appropriation Balances Reappropriated-----	32,053,831.24	10,897,055.77
Total Outstanding Obligations at June 30---	$ 77,886,456.83	$ 51,543,265.64
Unencumbered Cash Balance Available to Finance Succeeding Fiscal Year Appropriations at June 30--	**$269,160,087.05**	**$ 62,356,154.11**
Less Amount Available for the KPERS Quarterly Employee Distribution to be Financed from Succeeding Fiscal Year Appropriations (Note 1)----	$ 8,681,132.01	$ 22,572,897.00
Unencumbered Cash Balance Available to Finance Succeeding Year Appropriations Net of Accrued Liabilities at June 30--------------------------	**$260,478,955.04**	**$ 39,783,257.11**

Note 1 -- This represents the amount of employers' contributions payable to the Kansas Public Employees Retirement Fund for certain educational-related employees which accrued during the 4th quarter of fiscal year 1988 and the 3rd and 4th quarters of fiscal year 1987. See Schedule XII, Note 21.

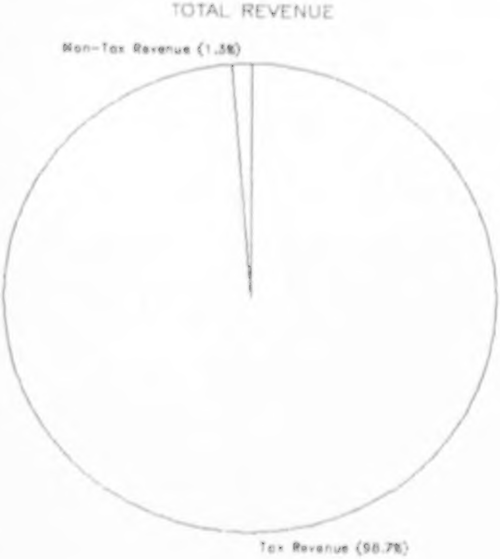
STATE GENERAL FUND REVENUES

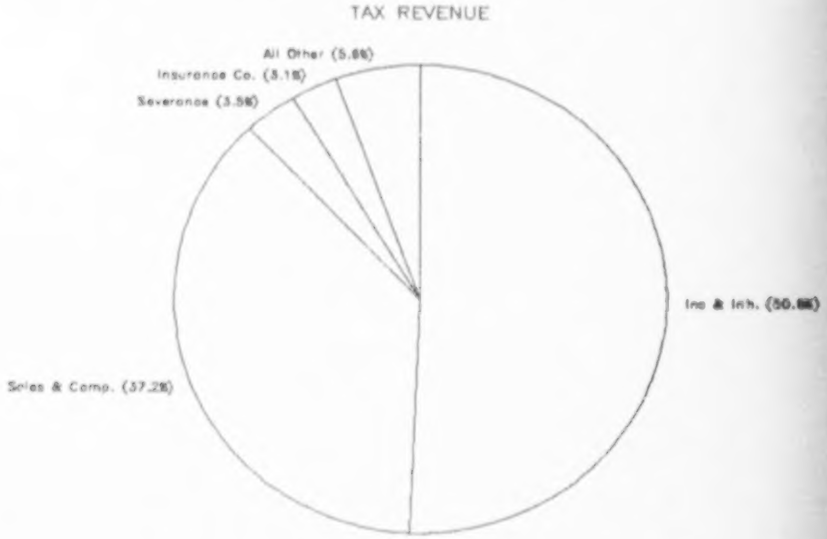
State General Fund revenue collections for fiscal year 1988 were $2.11 billion as compared to $1.78 billion for fiscal year 1987. This amounted to an increase of $334.5 million, or 18.8 percent. An analysis of the sources of revenue discloses that $2.09 billion, or 98.73 percent of the total fiscal year 1988 revenue was derived from tax sources. The non-tax sources of revenue amounted to $26.8 million, or 1.27 percent of the total revenues. Page vii of this report presents pie charts showing percentages of total revenues collected. The statement presented below indicates that the major shifts in State General Fund revenues were an increase in Income and Inheritance Taxes of $258 million and an increase in Sales and Compensating Use Taxes of $48.9 million with a net increase in the remaining tax revenues of $17.9 million. The non-tax revenues show an increase of $9.6 million. A detailed comparative statement of operating and non-operating revenue for the State General Fund is provided in Section II of this report.

STATE GENERAL FUND
COMPARATIVE STATEMENT OF REVENUE
FOR THE FISCAL YEARS ENDING JUNE 30

	Amount in Thousands		
TAX REVENUES	1988	1987	Increase (Decrease)
Property	$ 9,897	$ 10,946	$ (1,049)
Income and Inheritance	1,055,402	797,357	258,045
Sales and Compensating Use	775,778	726,833	48,945
Cigarette	58,203	60,269	(2,066)
Cereal Malt Beverage	3,570	4,284	(714)
Liquor Enforcement	19,146	18,246	900
Alcoholic Liquor	14,980	14,110	870
Tobacco Products	1,456	1,375	81
Corporation Franchise	8,672	8,570	102
Wheat	73	103	(30)
Car Companies	704	765	(61)
Insurance Companies	64,744	60,972	3,772
Bingo Tax	255	258	(3)
Transient Guest Tax	111	97	14
Motor Vehicle Dealer's	58	54	4
Severance Tax on Minerals	73,182	57,079	16,103
Marijuana and Controlled Substances	2	0	2
Other Gross Receipts	14	10	4
TOTAL TAX REVENUES	2,086,247	1,761,328	324,919
NON-TAX REVENUES			
Agency Earnings:			
Service Charges	6,570	6,384	186
Licenses, Permit and Registrations	5,491	4,811	680
Sales of Commodities	1,386	1,712	(326)
Grain Marketing Assessments	127	97	30
Total Agency Earnings	13,574	13,004	570
Revenue From the Use of Money and Property	41,441	35,594	5,847
Gifts, Donations and Grants	20	8	12
Other Non-Tax Revenues	20,480	19,500	980
Transfers of Revenue (Net)	(48,684)	(50,891)	2,207
TOTAL NON-TAX REVENUES	26,831	17,215	9,616
GROSS REVENUE	$ 2,113,078	$ 1,778,543	$ 334,535

TOTAL STATE GENERAL FUND REVENUES $2.113 BILLION





STATE GENERAL FUND EXPENDITURES

State General Fund expenditures for fiscal year 1988 totaled $1.881 billion as compared to $1.731 billion for fiscal year 1987. This represents an increase of $150 million or 8.7 percent. The analysis of expenditures by object categories presented in the statement on the following page shows that the major increase is primarily reflected in Grants, Claims and Shared Revenue and in Salaries and Wages.

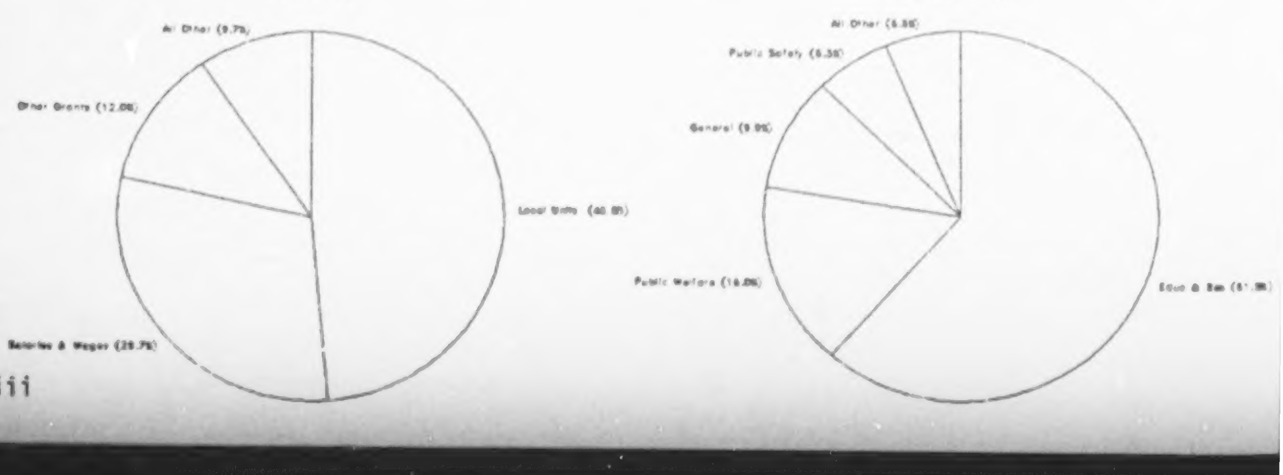
The analysis of expenditures by function of government presented in the statement on the following page shows that the major increase is in Education and Research ($96.0 million, or 9.0 percent over last fiscal year).

Presented on the following page are pie charts showing percentages of total expenditures by object and total expenditures by function. Section II of this report includes a detailed comparative statement of operating and non-operating expenditures of the State General Fund.

STATE GENERAL FUND
COMPARATIVE STATEMENT OF EXPENDITURES
FOR THE FISCAL YEARS ENDING JUNE 30

	Amount in Thousands			Percentage of
	1988	1987	Increase (Decrease)	Increase (Decrease)
EXPENDITURES BY OBJECT				
SALARIES & WAGES	$ 559,486	$ 511,552	$ 47,934	9.4
CONTRACTUAL SERVICES	128,856	116,897	11,959	10.2
COMMODITIES	29,780	24,893	4,887	19.6
CAPITAL OUTLAY	22,339	20,367	1,972	9.7
GRANTS, CLAIMS AND SHARED REVENUE:				
ECONOMIC DEVELOPMENT GRANTS	393	562	(169)	(30.1)
ARTS PROGRAM GRANTS	348	338	10	3.0
COUNTY INHERITANCE TAX FUND	352	1,572	(1,220)	(77.6)
AID TO INDIGENT DEFENDANTS	240	232	8	3.4
AID TO COUNTIES FOR REAPPRAISAL	7,519	7,754	(235)	(3.0)
LOCAL AD VALOREM TAX REDUCTION FUND	30,844	26,937	3,907	14.5
COUNTY AND CITY REVENUE SHARING	22,352	19,550	2,802	14.3
AID TO AREA AGENCIES ON AGING	1,161	1,238	(77)	(6.2)
SOCIAL WELFARE ASSISTANCE	7,409	7,719	(310)	(4.0)
RETIREMENT CONTRIBUTIONS FOR LOCAL SCHOOL DISTRICT EMPLOYEES	48,210	32,607	15,603	47.9
LOCAL AND REGIONAL LIBRARIES	1,202	1,299	(97)	(7.4)
PUBLIC BROADCASTING GRANTS	749	666	83	12.4
SCHOOL DISTRICT INCOME TAX FUND	121,707	107,783	13,924	12.9
AID TO LOCAL SCHOOL DISTRICT	645,324	609,297	36,027	5.9
EMERGENCY PREPAREDNESS & MEDICAL SERVICES	169	180	(11)	(6.3)
COMMUNITY CORRECTIONS ACT	4,861	3,714	1,147	30.9
SOIL CONSERVATION, WATERSHEDS, & GROUNDWATER MGMT	1,753	1,545	208	13.5
LOCAL HEALTH UNITS	2,210	1,987	223	11.2
LOCAL MENTAL HEALTH AND RETARDATION	16,110	14,998	1,112	7.4
TOTAL AID FOR LOCAL UNITS	912,913	839,978	72,935	8.7
SCHOOL SERVICE ANNUITIES	0	0	0	0.0
DIRECT SOCIAL WELFARE ASSISTANCE	208,276	199,806	8,470	4.2
HOMESTEAD PROPERTY TAX RELIEF	8,589	6,394	2,195	34.3
OTHER STATE GRANTS & CLAIMS	8,994	9,207	(213)	(2.3)
TOTAL GRANTS, CLAIMS & SHARED REVENUE	1,138,772	1,055,385	83,387	7.9
DEBT SERVICE INTEREST	0	0	0	0.0
DEBT SERVICE PRINCIPAL	0	0	0	0.0
TRANSFER AND NON-EXPENSE ITEMS	1,672	1,514	158	10.4
GROSS EXPENDITURES	$ 1,880,905	$ 1,730,608	$ 150,297	8.7
EXPENDITURES BY FUNCTION				
EDUCATION AND RESEARCH	1,156,959	1,060,981	95,978	9.0
PUBLIC WELFARE	300,337	281,972	18,365	6.5
GENERAL GOVERNMENT	186,928	173,037	13,891	8.0
PUBLIC SAFETY	117,733	106,521	11,212	10.5
HEALTH AND HOSPITALS	96,211	87,431	8,780	10.0
AGRICULTURE AND NATURAL RESOURCES	15,210	13,338	1,872	14.0
RECREATIONAL AND HISTORICAL	7,527	7,328	199	2.7
HIGHWAYS AND OTHER TRANSPORTATION	0	0	0	0.0
GROSS EXPENDITURES	$ 1,880,905	$ 1,730,608	$ 150,297	8.7

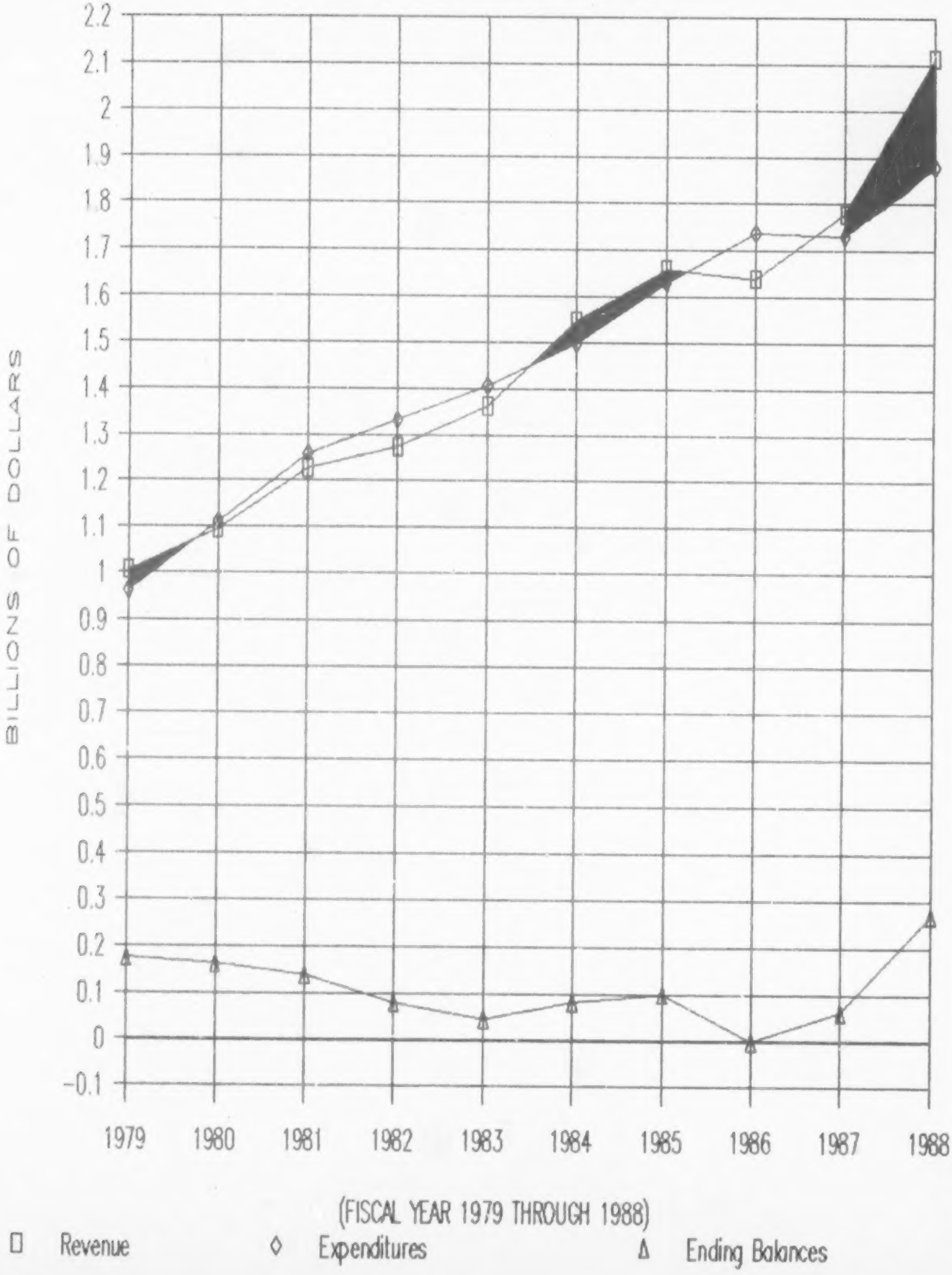
TOTAL STATE GENERAL FUND EXPENDITURES $1.881 BILLION


BY OBJECT

BY FUNCTION

STATE GENERAL FUND

REVENUE, EXPENDITURES & ENDING BALANCE



KANSAS EDUCATIONAL BUILDING FUND

The Kansas Educational Building Fund was created by law and receives a portion of the proceeds of the annual permanent State tax levied on all property subject to ad valorem taxation. The present tax levy of one mill provides funds for erecting, equipping and repairing buildings at the educational institutions under the control of the Board of Regents. Expenditures from this fund are made on the basis of appropriations by the Legislature.

Revenues credited to the fund for fiscal year 1988 consisted primarily of tax moneys. Total revenues received into the fund for the 1988 fiscal year were $12.993 million as compared to $12.99 million credited for the 1987 fiscal year. Expenditures from the fund in the 1988 fiscal year were $16.4 million as compared to $12.9 million for the 1987 fiscal year. An analysis of the fund at June 30, 1988, shows an unencumbered cash balance available to finance succeeding fiscal year appropriations of $.97 million.

Section V entitled "Capital Projects Funds", presents detailed information on revenues, expenditures, and balances of the Kansas Educational Building Fund.

STATE INSTITUTIONS BUILDING FUND

The State Institutions Building Fund was created by law and receives a portion of the proceeds of the annual permanent state tax levied on all property subject to ad valorem taxation.

The present tax levy of .5 mill provides funds for constructing, repairing and equipping buildings at the several charitable, benevolent and mental institutions of the State. This tax levy was shared with the Correctional Institutions Building Fund for two years in accordance with legislation passed by the 1987 Session. The Motor Vehicles taxes received during the period of July 1, 1986 through June 30, 1988 were credited in equal amounts to the State Institutions Building Fund and the Correctional Institutions Building Fund. Those taxes levied upon tangible property other than Motor Vehicles in tax year 1986 and tax year 1987 are at the rate of .25 mill for the State Institutions Building Fund. In tax year 1988, the rate returns to .5 mill. Expenditures from the State Institutions Building Fund are based on appropriations by the Legislature.

The revenue credited to the fund from taxes amounted to $3.3 million for fiscal year 1988 as compared to $4.3 million for fiscal year 1987.

Expenditures from the fund for fiscal year 1988 amounted to $3.8 million as compared to $5.7 million for the preceding fiscal year. An analysis of the fund at June 30, 1988, shows an unencumbered cash balance available to finance succeeding fiscal year appropriations of $.69 million.

Section V entitled "Capital Projects Funds", presents detailed information on revenues, expenditures, and balances of the State Institutions Building Fund.

CORRECTIONAL INSTITUTIONS BUILDING FUND

The Correctional Institutions Building Fund was created by law and receives a portion of the state taxes levied on all property subject to ad valorem taxation. The authorization for the tax levy of .25 mill was for a two year period. Motor Vehicles taxes received during the period of July 1, 1986 through June 30, 1988 were credited 1/6 to this fund. Taxes levied for this fund on tangible property other than Motor Vehicles were at the rate of .25 mill in tax years 1986 and 1987 and expire in tax year 1988.

The proceeds raised by this levy are available for the use and benefit of state correctional institutions. Authorization for expenditures from this fund is based on appropriations by the Legislature. The expenditures from the fund for fiscal year 1988 were $1.1 million and revenues were $4.1 million. At June 30, 1988 the unencumbered cash balance available to finance succeeding fiscal year appropriations is $.57 million.

Section V entitled "Capital Project Funds", presents detailed information on revenues, expenditures, and balances of the Correctional Institutions Building Fund.

TRANSPORTATION FUNDS

The Transportation Funds include all the funds for the Department of Transportation except the State General Fund. Transportation funds consist primarily of the State Highway Fund, Urban Mass Transit Fund, Federal Highway Safety Fund, State Railroad Planning and Assistance Federal Fund, State Freeway Construction Fund, State Freeway Fund, Restricted Fee's Fund, County Equalization and Adjustment Fund, Special City and County Highway Fund, State Airport System Fund, Interagency Motor Vehicle Fuel Sales Fund, Metropolitan Transportation Planning Fund, and Technology Transfer Grant Fund. A comparative combined statement of revenue, expenditures and balances of these funds is presented on the following page.

Revenues deposited into the Transportation Funds are generally restricted by law for financing activities of the Department of Transportation in the construction, reconstruction and maintenance of the state system of highways and the distribution to counties and cities of shared revenue from motor fuel taxes for maintaining roads and streets.

The comparative combined statement on the following page shows the total revenues were $467 million for fiscal year 1988 as compared to $473 million for fiscal year 1987, a decrease of $6 million. Operating revenues amounted to $454 million for fiscal year 1988 as compared to $444 million for the preceding fiscal year, an increase of $10 million.

The increase in operating revenues is primarily due to the category of Motor Fuel Taxes, which increased $11 million from fiscal year 1987. Non-operating revenues for fiscal year 1988 amounted to $12.7 million as compared to $28.5 million for fiscal year 1987.

The total expenditures from transportation Funds were $485.2 million for fiscal year 1988 as compared to $488.9 million for fiscal year 1987, a decrease of $3.7 million. Operating expenditures for fiscal year 1988 totaled $499.7 million as compared to $499 million last fiscal year, an increase of $.7 million. The largest increase was in the category of Interest Charges on Construction Bonds, which shows a $4.2 million increase over last fiscal year. Non-operating expenditures for fiscal year 1988 amounted to a negative $14.5 million as compared to a negative $10.1 million last fiscal year, a decrease of $4.4 million. The decrease is primarily due to the category of Advances for Purchase of Investments and Other Non-operating Expenditures which experienced a decrease of $4.6 million.

The total outstanding indebtedness at June 30, 1988, for highway revenue bonds issued is $148.6 million to be retired by fiscal year 1999. The proceeds of the bond sales as well as moneys of the State Freeway Fund may be invested until cash is needed for payment of authorized obligations.

The unexpended cash balance at June 30, 1988, is $65.1 million. However, obligations consisting of orders and contracts for services, supplies, equipment and capital construction at June 30, 1988, amounted to $215 million. Although the amount of obligations exceeds the available unexpended cash balance, revenue is anticipated to be received in time to meet these obligations as they become due.

A graph depicting revenues, expenditures and unexpended balances of the Transportation funds from fiscal year 1979 through fiscal year 1988 is presented on page xiii of this section.

TRANSPORTATION FUNDS
COMPARATIVE COMBINED STATEMENT OF REVENUE, EXPENDITURES AND BALANCES
FOR THE FISCAL YEARS ENDING JUNE 30

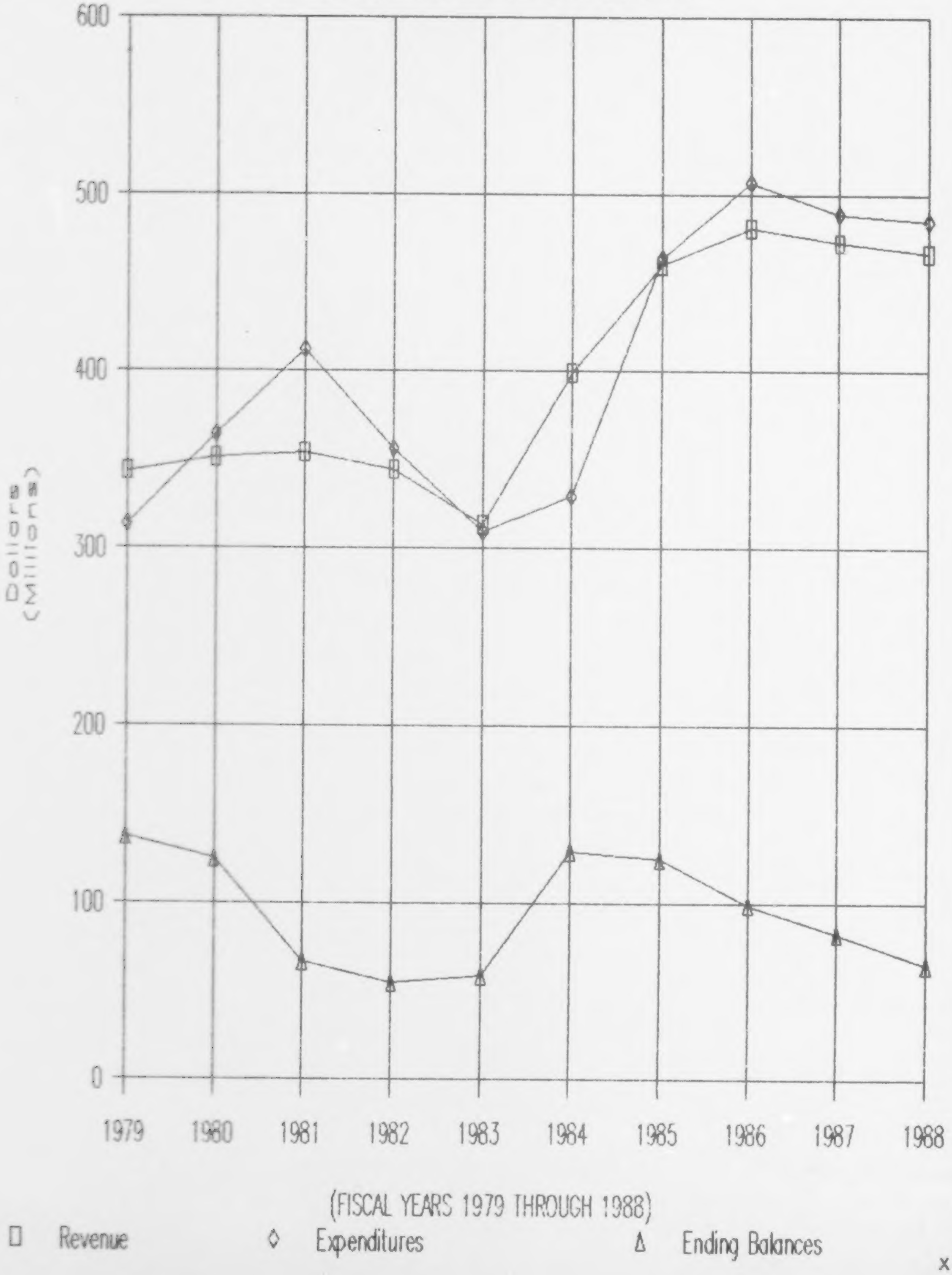
	Amounts in Thousands 1988	1987
Beginning Unexpended Cash Fund Balance	$ 83,273	$ 99,112
Operating Revenues:		
Motor Fuel Taxes	168,154	156,753
Motor Vehicle Registration Taxes	73,126	68,820
Licenses to Operate Motor Vehicles	4,525	4,582
Interest and Dividends from Investments	9,177	9,535
Gain or Loss on Investments Sold	(145)	(175)
Federal Grants for Highways and Bridges	186,681	194,367
Other Grants, Gifts, Donations and Contributions	11,582	9,359
Other Operating Revenue	1,249	1,340
Total Operating Revenue	454,349	444,581
Nonoperating Revenues:		
Revenue Bond Proceeds and Accrued Interest on Revenue Bonds	0	0
Transfers To and From Highway Funds	11,591	23,978
Other Nonoperating Revenue	1,110	4,504
Total Nonoperating Revenue	12,701	28,482
Total Revenue	467,050	473,063
Total Cash Available for Expenditure	550,323	572,175
Operating Expenditures:		
Salaries and Wages	78,611	78,277
Contractual Services	27,011	27,577
Commodities	20,402	19,351
Capital Outlay (Other)	19,144	16,758
Highways and Bridges (Direct Payments)	254,655	262,916
Distribution to Cities, Counties and Townships	79,665	76,635
Federal Aid to Qualified Non-State Organizations	2,076	3,486
Interest Charges on Construction Bonds	17,953	13,673
Claims	263	339
Total Operating Expenditures	499,780	499,012
Nonoperating Expenditures:		
Advances for Purchase of Investments and Other Nonop. Exp.	(15,057)	(10,436)
Refunds	407	162
Other Transfers	80	164
Total Nonoperating Expenditures	(14,570)	(10,110)
Total Expenditures	485,210	488,902
Ending Unexpended Cash Fund Balance	‡ 65,113	83,273
Unliquidated Encumbrances June 30	215,183	307,981
Unencumbered Balance June 30	$ (150,070)	$ (224,708)

‡ Not included are the State Freeway Fund investments (at cost) amounting to $85,684,071.75. These monies are outside the State Treasury with the Pooled Money Investment Board.

Also not included is the Agency Imprest Fund in the amount of $2,000.00.

TRANSPORTATION FUNDS

REVENUE, EXPENDITURES & ENDING BALANCE



EMPLOYMENT SECURITY FUND

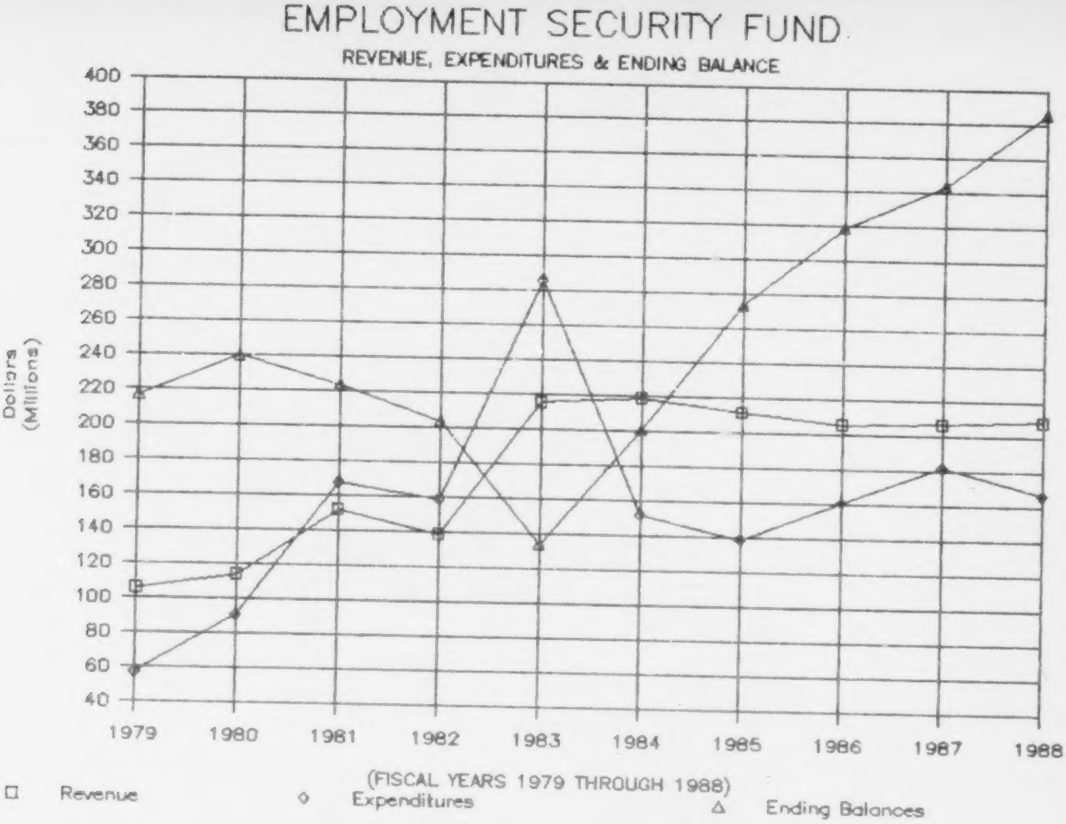
The Employment Security Fund was established by law as a special fund, separate and apart from all public moneys or funds of the State. The law provides that the fund consist of three separate accounts: (1) a clearing account, (2) an unemployment trust fund and (3) a benefit account. Deposits into this fund consist of contributions, interest earned on trust funds deposited in the U.S. Treasury, federal grants for unemployment benefits to federal employees and ex-servicemen and fifty-percent of extended benefits, and other operating revenue. Expenditures from the fund are paid to regular recipients for a period of up to twenty-six weeks. Extended benefits may be paid for up to an additional thirteen weeks during periods of high unemployment.

Analysis of the Employment Security Fund transactions for fiscal year 1988 shows total revenue of $209 million as compared to $208 million last fiscal year. Expenditures this fiscal year totaled $167.4 million as compared to $182.3 million during fiscal year 1987. The changes for all categories of operating revenue were insignificant from fiscal year 1987 to fical year 1988. The primary change in expenditures was in the category Regular Unemployment Benefits. Revenue exceeded expenditures this fiscal year by $41.4 million to increase the fund balance to $386 million at June 30, 1988.

Presented below is a comparative statement of revenues, expenditures and ending fund balances for fiscal year 1988 and 1987. A graph illustrating the past ten years is presented on the following page. Additional detail is presented in Section VIII of this report entitled "Trust and Agency Funds."

EMPLOYMENT SECURITY FUND
COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES AND FUND BALANCE
FOR THE FISCAL YEARS ENDING JUNE 30

	Amount in Thousands	
	1988	1987
Beginning Fund Balance	$344,358	$319,101
Operating Revenue:		
Employer Payroll Contributions	164,478	159,328
Interest on Deposits with U.S. Treasury	31,005	31,151
Interest on State Agency Investments	197	185
Federal Grants for Federal Employees, Ex-Servicemen and Extended Benefits	4,415	6,401
Other Operating Revenue	61	40
Total Operating Revenue	200,156	197,105
Non-operating Revenue	8,639	10,509
Total Revenue	208,795	207,614
Total Cash Available for Expenditure	553,153	526,715
Operating Expenditures:		
Regular Unemployment Benefits	160,635	173,321
Federal Employees Unemployment Benefits	2,201	2,249
Ex-Servicemen Unemployment Benefits	1,475	1,650
Disaster Unemployment Assistance	0	16
Worker Adjustment Unemployment Assistance	724	2,580
Total Operating Expenditures	165,035	179,816
Non-operating Expenditures	2,381	2,541
Total Expenditures	167,416	182,357
Ending Fund Balance	$385,737	$344,358



EMPLOYMENT SECURITY FUND

REVENUE, EXPENDITURES & ENDING BALANCE

COMBINED FUNDS OF THE STATE

Statements have been prepared on the following pages on the combined revenue and expenditure transactions for all funds deposited and disbursed through the State Treasury. These statements show comparative statistics for both the 1988 and 1987 fiscal years and are prepared on the same basis for each fiscal year. It is important for the reader to remember that these statements are presented for statistical purposes only and the resources of one fund cannot be transferred to another fund unless authorized by statute.

The Comparative Statement of Operating Revenue has been prepared on a net basis by the subtraction of refunds from the gross receipts. The 1988 fiscal year shows an increase of $412 million over fiscal year 1987 in net operating revenues. The increase is reflected in all categories of revenue, except for Property Taxes, Cigarette and Tobacco Products Taxes, and Revenue from the Use of Money and Property which decreased. The major increases are in the categories of Income and Inheritance Taxes and State Sales and Compensating Use Taxes.

The Comparative Statements of Operating Expenditures have been prepared on a net basis by subtracting amounts financed by non-operating sources of revenue from gross operating expenditures. The 1988 fiscal year shows an increase in net operating expenditures of $273 million over the preceding fiscal year. This increase is reflected in all major expenditure categories except Highway and Other Capital Improvements, and Employment Security Benefits which decreased.

Charts entitled "Where the Money Comes From" and "Where the Money Goes" have been prepared and are presented in this section on pages xviii and xix.

Additional detailed statements and a balance sheet on the combined funds of the State are presented in Section I of this report.

COMBINED FUNDS
COMPARATIVE STATEMENT OF OPERATING REVENUE
FOR THE FISCAL YEARS ENDING JUNE 30

	Amount in Thousands		
OPERATING REVENUE	1988	1987	Increase (Decrease)
Taxes:			
Property Taxes (Ad Valorem) (Net)	$ 29,279	$ 30,426	$ (1,147)
Income and Inheritance Taxes (Net)	1,055,402	797,357	258,045
State Sales and Compensating Use Taxes (Net)	981,162	920,981	60,181
Cigarette and Tobacco Products Taxes (Net)	59,659	61,645	(1,986)
Motor Fuel Taxes (Net)	170,029	156,753	13,276
Cereal Malt and Liquor Taxes (Net)	47,304	45,450	1,854
Motor Vehicle Registration (Net)	73,515	69,199	4,316
Insurance Companies Taxes (Net)	68,614	64,987	3,627
Severance Tax on Minerals (Net)	78,690	61,376	17,314
Other Excise Taxes (Net)	10,256	10,069	187
Other Gross Receipts Taxes	7,036	6,435	601
Payroll Unemployment Taxes (Net)	164,478	159,328	5,150
Total Taxes	2,745,424	2,384,006	361,418
Agency Earnings	481,878	398,834	83,044
Revenue From the Use of Money and Property	406,861	485,647	(78,786)
Gifts, Donations and Grants:			
Federal Grants (Net)	822,487	793,928	28,559
Other Grants and Gifts	37,143	27,776	9,367
Total Gifts, Donations and Grants	859,630	821,704	37,926
Other Revenue	73,176	60,977	12,199
Total Revenue	4,566,969	4,151,168	415,801
Less: Refunds Not Classified	10,081	7,252	2,829
NET OPERATING REVENUE	$4,556,888	$4,143,916	$412,972

COMBINED FUNDS
COMPARATIVE STATEMENT OF OPERATING EXPENDITURES
FOR THE FISCAL YEARS ENDING JUNE 30

	Amount in Thousands			Percentage of
OPERATING EXPENDITURES CLASSIFIED BY FUNCTION	1988	1987	Increase (Decrease)	Increase (Decrease)
Education and Research	$1,715,031	$1,595,235	$119,796	7.5
Public Welfare	827,393	785,862	41,531	5.3
Highways and Other Transportation	498,671	494,369	4,302	.9
General Government	645,891	562,314	83,577	14.9
Health and Hospitals	170,688	160,466	10,222	6.4
Public Safety	139,245	126,609	12,636	10.0
Conservation of Agriculture and Natural Research	28,371	26,808	1,563	5.8
Recreation and Historical	23,193	23,051	142	.6
NET OPERATING EXPENDITURES	$4,048,483	$3,774,714	$273,769	7.3

COMBINED FUNDS
COMPARATIVE STATEMENT OF OPERATING EXPENDITURES
FOR THE FISCAL YEARS ENDING JUNE 30

	Amount in Thousands		
OPERATING EXPENDITURES CLASSIFIED BY OBJECT	1988	1987	Increase (Decrease)
Gross Expenditures for State Operations and Services:			
Salaries and Wages	$1,049,103	$1,001,612	$ 47,491
Contractual Services	397,239	347,056	50,183
Commodities	131,847	121,336	10,511
Capital Outlay	64,157	58,712	5,445
Total Expenditures for State Operations and Services	1,642,346	1,528,716	113,630
Less: Expenditures from Non-Operating Revenue	45,144	42,940	2,204
NET EXPENDITURES FOR STATE OPERATIONS AND SERVICES	**1,597,202**	**1,485,776**	**111,426**
Gross Expenditures for Highway and Other Capital Improvements	320,955	325,892	(4,937)
Less: Expenditures from Borrowing	1,425	688	737
NEW EXPENDITURES FOR HIGHWAY AND OTHER CAPITAL IMPROVEMENTS	**319,530**	**325,204**	**(5,674)**
Gross Expenditures for Local Assistance	1,124,605	1,033,736	90,869
Less: Expenditures from Non-Operating Revenue	1,842	1,400	442
NET EXPENDITURES FOR LOCAL ASSISTANCE	**1,122,763**	**1,032,336**	**90,427**
Gross Expenditures for Other Claims and Grants:			
Direct Welfare Assistance	438,636	402,705	35,931
Homestead Property Tax Relief Payments	8,589	6,393	2,196
Other Claims and Grants	391,554	343,546	48,008
Total Expenditures for Other Claims and Grants	838,779	752,644	86,135
Less: Expenditures from Non-Operating Revenue	16,400	18,448	(2,048)
NET EXPENDITURES FOR OTHER CLAIMS AND GRANTS	**822,379**	**734,196**	**88,183**
Gross Expenditures for Employment Security Benefits	165,035	179,817	(14,782)
Less: Expenditures from Non-Operating Revenue	6,583	7,612	(1,029)
NET EXPENDITURES FOR EMPLOYMENT SECURITY BENEFITS	**158,452**	**172,205**	**(13,753)**
Gross Expenditures for Retirement Benefits	122,999	105,937	17,062
Less: Expenditures from Non-Operating Revenue	122,999	105,937	17,062
NET EXPENDITURES FOR RETIREMENT BENEFITS	**0**	**0**	**0**
Gross Expenditures for Debt Service Interest	28,195	25,073	3,122
Less: Expenditures from Non-Operating Revenue	38	76	(38)
NET EXPENDITURES FOR DEBT SERVICE INTEREST	**28,157**	**24,997**	**3,160**
NET OPERATING EXPENDITURES	**$4,048,483**	**$3,774,714**	**$273,769**

WHERE THE MONEY COMES FROM

	(millions)
INCOME AND INHERITANCE TAX	$1,055.4
SALES AND COMPENSATING TAX	981.1
MOTOR FUEL TAX	170.0
UNEMPLOYMENT SECURITY CONTRIBUTIONS	164.5
OTHER TAXES	357.0
AGENCY EARNINGS	481.9
REVENUE FROM USE OF MONEY AND PROPERTY	406.9
GRANTS	859.6
OTHER REVENUES	80.4
NET OPERATING REVENUE	$ 4,556.8

WHERE THE MONEY GOES

		(millions)
STATE OPERATIONS AND SERVICES		$ 1,597.2
HIGHWAY AND OTHER CAPITAL IMPROVEMENTS		
GROSS	320.9	
FINANCED FROM BORROWING	<1.4>	319.5
LOCAL ASSISTANCE		1,122.7
CLAIMS AND GRANTS		822.4
EMPLOYMENT SECURITY BENEFITS		158.4
RETIREMENT PAYMENTS		0.0
DEBT SERVICE INTEREST		28.2
NET OPERATING EXPENDITURES		$4,048.4

LOCAL ASSISTANCE

The following statement and chart have been prepared to show the source and purpose of gross local assistance expenditures of both the Federal and State programs. Gross assistance expenditures to the local governmental units were $1.125 billion in fiscal year 1988 as compared to $1.034 billion in fiscal year 1987. The net increase in gross aid to local units for Federal expenditures amounted to $10.9 million, and for State expenditures, an increase of $80.0 million which results in a total increase of $90.9 million over fiscal year 1987. The majority of this increase was for educational programs which increased $74.6 million.

Federal Assistance is provided to local units of government for highway purposes through the Federal Highway Safety Fund. Moneys for secondary road projects are expended by the Department of Transportation for capital improvements, etc., and are classified as such in the financial statements.

LOCAL ASSISTANCE
FISCAL YEAR 1988 EXPENDITURES (GROSS)

(Amounts in Millions)

	FEDERAL	STATE	TOTAL
EDUCATION	$ 85.7	$ 817.7	$ 903.4
PUBLIC WELFARE	8.7	17.5	26.2
GENERAL PURPOSE	18.7	81.0	99.7
HIGHWAY	1.5	78.2	79.7
HEALTH	4.9	2.4	7.3
AGRICULTURE	----	1.7	1.7
PUBLIC SAFETY	1.3	5.0	6.3
RECREATION	.3	----	.3
TOTALS	$121.1	$1,003.5	$1,124.6

COMBINED FUNDS
STATEMENT OF GROSS LOCAL ASSISTANCE EXPENDITURES
FOR THE FISCAL YEAR ENDING JUNE 30, 1988

PURPOSE AND PROGRAM		Amount in Thousands	
		Federal	State
EDUCATION			
State School Equalization		$ 0	$ 456,104
Community College and Municipal University		0	34,583
Education of Deaf, Blind and Handicapped		12,029	85
Vocational Education		8,243	7,240
Retirement Contribution for School District Employees		0	48,210
State Safety Funds & Asbestos Inspection		0	1,439
School District Income Tax		0	121,707
Elementary and Secondary Education		30,821	12,024
Food Assistance		30,640	2,374
Adult Basic Education		936	118
Aid for Libraries		1,147	1,190
Fort Leavenworth School District		0	928
Job Training Partnership Act		529	0
Bilingual Education Program		0	542
Special Education		0	89,785
Educational Research & Inservice Aid		534	733
Community and Extension Services		135	0
School Transportation		0	40,629
Economic Security Act		266	0
Drug Abuse Fund		484	0
GROSS AID FOR EDUCATION		85,764	817,691
PUBLIC WELFARE			
Area Agencies on Aging		2,868	219
Social and Rehabilitation Services Assistance		5,809	17,306
Employment Services Job Training		11	0
GROSS AID FOR PUBLIC WELFARE		8,688	17,525
GENERAL PURPOSES			
County and City Revenue Sharing		0	22,352
Local Ad Valorem Tax Reduction		0	30,844
Local Acoholic Liquor		0	7,990
Firemen's Relief		0	3,974
County Mineral Production Tax		0	5,013
Bingo Enforcement Tax		0	264
Kansas Energy Conservation		339	0
Flood Control		284	0
Sand Royalties		0	32
County Inheritance Tax		0	346
Community Development		17,421	5
Arts Programming		89	76
Motor Vehicle Licensing & Data Processing		0	856
County Reappraisal		0	9,221
Criminal Justice		307	0
Drug Abuse		225	0
GROSS AID FOR GENERAL PURPOSES		18,665	80,973
HIGHWAY			
Special City and County Highway Fund		0	74,312
City Connecting Links		0	1,361
Federal Highway Safety Act		815	0
Urban Mass Transit		544	0
Metropolitan Transportation Planning		133	0
County Equalization and Adjustment		0	2,500
GROSS AID FOR HIGHWAY		1,492	78,173
HEALTH			
Health and Environment Local Health Units		4,916	2,394
Mental Health and Retardation Aid		2	0
GROSS AID FOR HEALTH		4,918	2,394
AGRICULTURE AND NATURAL RESOURCES			
Soil Conservation Districts		0	765
Water Shed Districts & Small Lakes		0	988
GROSS AID FOR AGRICULTURE AND NATURAL RESOURCES		0	1,753
PUBLIC SAFETY			
Emergency Preparedness		1,270	97
Community Corrections Act		0	4,861
GROSS AID FOR PUBLIC SAFETY		1,270	4,958
RECREATIONAL AND HISTORICAL			
Historical Preservation Act		25	0
Wildlife & Parks Conservation Programs		279	37
GROSS AID FOR RECREATIONAL AND HISTORICAL		304	37
GROSS AID TO LOCAL UNITS	$1,124,605	$121,101	$1,003,504

FEDERAL GRANTS

Net federal grant deposits to the State Treasury during fiscal year 1988 totaled $822.5 million as compared to $793.9 million during the preceding fiscal year. This increase of $28.6 million in federal grants was primarily due to increases in Assistance and Relief Grants, and Education and Research Grants.

There was also an increase in unexpended grant moneys returned to the Federal government, amounting to $140 thousand. Except for some federal reimbursements which are placed in the State General Fund, federal grant moneys are used for specific programs and cannot be used in support of general state government.

Presented below is a statement showing the general purpose of federal grants and the amounts received during both the 1988 and 1987 fiscal years.

COMPARATIVE STATEMENT OF FEDERAL GRANTS
FOR THE FISCAL YEARS ENDING JUNE 30

	Amount in Thousands		
GENERAL PURPOSE	1988	1987	Increase (Decrease)
Highways, Bridges and Grants for Primary, Urban and Secondary Roads	$186,681	$194,367	$ (7,686)
Public Health	46,589	42,187	4,402
Assistance and Relief	314,150	287,121	27,029
Employment Security Administration	20,975	23,118	(2,143)
Education and Research	186,166	171,855	14,311
Other Federal Grants	68,362	75,577	(7,215)
Gross Federal Grants	822,923	794,225	28,698
Less: Return of Unexpended Federal Grants	437	297	140
NET FEDERAL GRANTS	$822,486	$793,928	$ 28,558

THE KANSAS LOTTERY

The 1987 Legislative Session enacted the Kansas Lottery Act. On November 12, 1987, the Lottery started its first game of instant ticket sales. During Fiscal Year 1988, the Kansas Lottery recorded into the central accounting system receipts in the amounts of $33,307,690.72 for instant game ticket sales and $6,129,417.27 for multi-state on-line game ticket sales.

Moneys received by the Kansas Lottery are deposited at least weekly into the state treasury in the Lottery Operating Fund. Moneys credited to this fund are to be expended or transferred per the Kansas Lottery Act. During fiscal year 1988, $8.5 million was transferred to the State Gaming Revenues Fund from the Lottery Operating Fund. The State Gaming Revenues Fund transferred $2.55 million to the County Reappraisal Fund, $.85 million to the Correctional Institutions Building Fund and $5.1 million to the State Economic Development Institutions Fund.

STATE BONDED INDEBTEDNESS

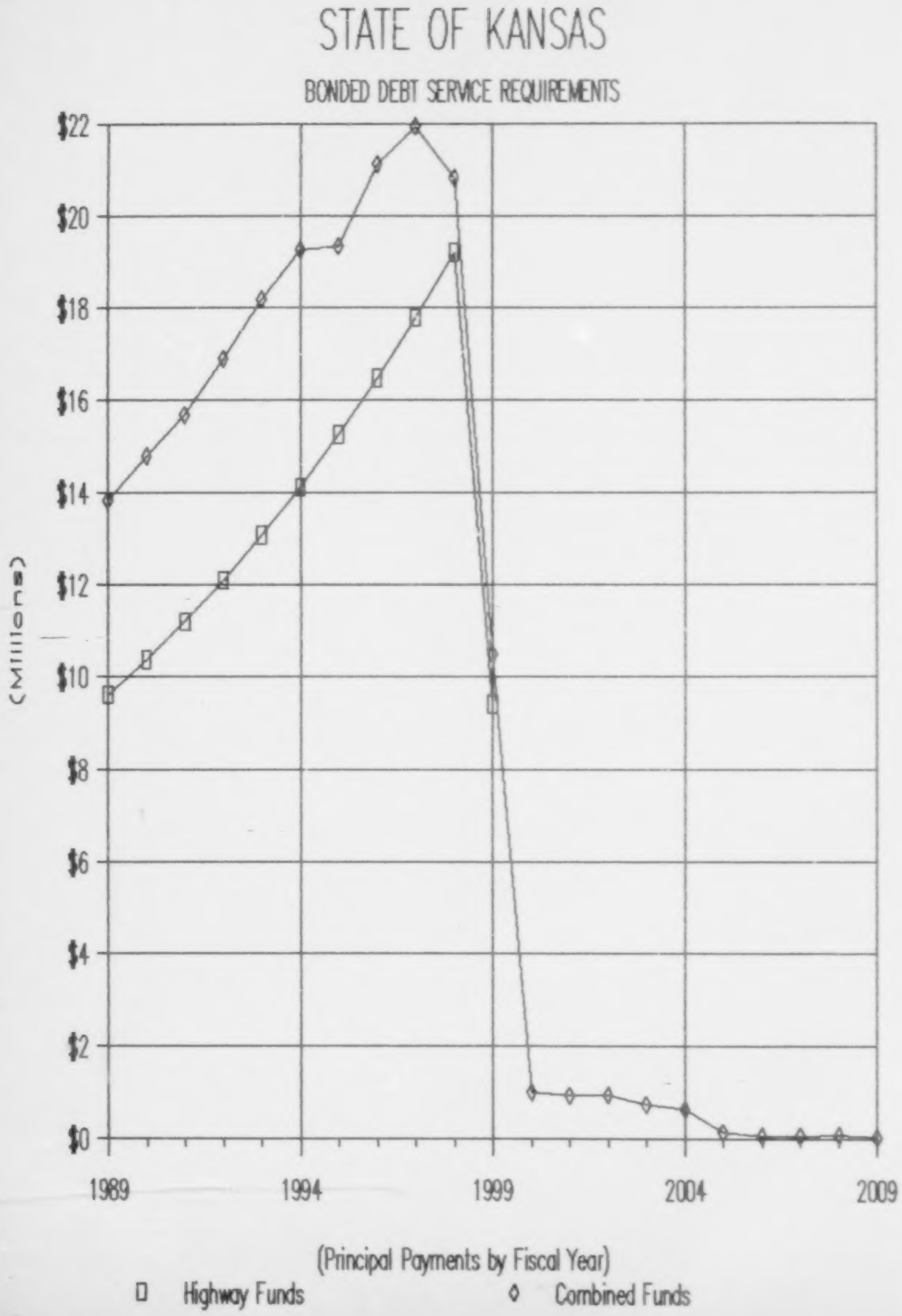
The State of Kansas does not have any general obligation bonds outstanding. However, statutory authority has been granted to issue bonds for academic and hospital facilities, student unions, athletic facilities and dormitories at state universities by the State Board of Regents; highway construction by the Department of Transportation; sewage facilities by the Department of Health and Environment; fish hatcheries by the Fish and Game Commission; office buildings by the Department of Administration; and reservoir projects or the purchase of storage in existing reservoirs by the Kansas Water Office.

The total outstanding revenue bonds at June 30, 1988 was $196,993,000 as compared to $203,881,000 for fiscal year 1987. In fiscal year 1988 debt principal payments were $6.9 million.

Presented in the following schedule is the revenue bond debt service requirements to maturity by fund class. Also, a graph reflecting the amount of revenue bond debt payment requirements to be met for future year maturities is presented on the following page. Additional detail of the bond indebtedness is also presented in Section XI and Section XII of this report.

BONDED INDEBTEDNESS
DEBT SERVICE PRINCIPAL REQUIREMENTS TO MATURITY
BY FUND CLASS

Fiscal Year	Highway Funds	Enterprise Funds	Capital Projects Funds	Fiscal Year Total
1989	$ 9,610,000	$ 2,123,000	$ 2,100,000	$ 13,833,000
1990	10,380,000	2,120,000	2,285,000	14,785,000
1991	11,210,000	2,251,000	2,215,000	15,676,000
1992	12,105,000	2,380,000	2,415,000	16,900,000
1993	13,075,000	2,507,000	2,610,000	18,192,000
1994	14,120,000	2,592,000	2,555,000	19,267,000
1995	15,250,000	1,707,000	2,380,000	19,337,000
1996	16,470,000	1,689,000	2,970,000	21,129,000
1997	17,785,000	1,376,000	2,790,000	21,951,000
1998	19,210,000	938,000	695,000	20,843,000
1999	9,420,000	930,000	145,000	10,495,000
2000		843,000	150,000	993,000
2001		770,000	160,000	930,000
2002		769,000	175,000	944,000
2003		669,000	60,000	729,000
2004		625,000		625,000
2005		134,000		134,000
2006		65,000		65,000
2007		65,000		65,000
2008		70,000		70,000
2009		30,000		30,000
Total Due	$148,635,000	$ 24,653,000	$ 23,705,000	$ 196,993,000


STATE OF KANSAS
BONDED DEBT SERVICE REQUIREMENTS
$22
$20
$18
$16
$14
$12
$10
$8
$6
$4
$2
$0
(Millions)
1989
1994
1999
2004
2009
(Principal Payments by Fiscal Year)
□ Highway Funds
◇ Combined Funds

GREAT SEAL OF THE STATE OF KANSAS
JANUARY 29 1861

SECTION I

COMBINED STATEMENTS

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EXHIBIT "A"

COMBINED FUNDS
Comparative Balance Sheet
June 30

	Governmental Fund Types			
	State General Fund	Special Revenue Funds	Highway Funds	Capital Projects Funds
RECOGNIZED ASSETS				
Equity in State Treasurer's Common Cash Fund (See Section XII, Note 2)	$ 347,046,543.88	$ 218,926,164.55	$ 93,474,258.18	$ 27,034,063.39
Cash in Agencies' Imprest Funds	356,660.00	417,047.00	2,000.00	---
Cash with Banks for Purchase of Investments	---	---	0.00	101,920.71
Cash with U. S. Treasurer	---	---	---	---
Inmate, Patient and Client monies in State Agencies' Custody	---	---	---	---
Public Employees Retirement Fund Investments (Accrual Basis)	---	---	---	---
Investments Owned by Other Funds (Cost Basis)	---	946,258.13	85,684,071.75	18,534,195.89
Investments of Deferred Compensation Plan Balances (Market Value)	---	---	---	---
Ad Valorem Taxes Due from County Treasurers	---	---	---	7,652,075.86
Amount to be Provided for Revenue Bond Redemption	---	---	---	---
Amount to be Provided for Loan Redemption	---	---	---	---
Amount to be Provided for Miscellaneous Obligations	---	---	---	---
Amount to be Provided for Water Supply Storage Assurances	---	---	---	---
Amount to be Provided For Certificates of Participation	---	---	---	---
TOTAL RECOGNIZED ASSETS	$ 347,403,203.88	$ 220,289,469.68	$ 179,160,329.93	$ 53,322,255.85
LIABILITIES, OTHER OBLIGATIONS AND BALANCES				
LIABILITIES				
Commitments and Contingent Liabilities (See Section XII, Notes 17,18,19,29)				
Unredeemed Warrants	$ 25,696,805.87	$ 36,550,005.51	$ 28,777,711.33	$ 1,597,270.42
Due for Payroll Deductions, Taxes, Retirement, Etc.	---	---	---	---
Due Employees for Deferred Compensation (Market Value)	---	---	---	---
Revenue Bonds Payable	---	---	---	---
Miscellaneous Obligations Payable	---	---	---	---
Water Supply Storage Assurances	---	---	---	---
Loans Payable	---	---	---	---
Certificates of Participation Payables	---	---	---	---
Inmate, Patient and Client Trust Funds	---	---	---	---
Accrued KPERS Quarterly Employee Distribution	8,681,132.01	---	---	---
Total Liabilities	34,377,937.88	36,550,005.51	28,777,711.33	1,597,270.42
OTHER OBLIGATIONS				
Total Unliquidated Encumbrances	20,135,819.72	54,323,987.19	214,945,453.15	13,257,055.43
Unencumbered Balance of Appropriations Reappropriated	32,053,831.24	---	---	5,844,180.75
Total Other Obligations	52,189,650.96	54,323,987.19	214,945,453.15	19,101,236.18
FUND AND AVAILABLE BALANCES				
Commitments and Contingent Liabilities (See Section XII, Notes 17,18,19,29)				
Unencumbered Cash Balance Available to Finance Appropriations	269,160,087.05	---	---	2,230,968.08
Unencumbered Cash Balance of Agency Funds	---	128,052,171.85	(150,248,906.30)	4,104,588.71
Less Reserve for Accrued KPERS Quarterly Employee Distribution Financed from Succeeding Fiscal Year Appropriations	(8,681,132.01)	---	---	---
Agencies' Imprest Funds	356,660.00	417,047.00	2,000.00	---
Cash in Banks for Purchase of Investments	---	---	0.00	101,920.71
Invested Balances of Public Employees Retirement Fund (Accrual Basis)	---	---	---	---
Invested Balances of Other Funds (Cost Basis)	---	946,258.13	85,684,071.75	18,534,195.89
Taxes Due from County Treasurers (Deferred Revenue)	---	---	---	7,652,075.86
Total Fund and Available Balances	260,835,615.04	129,415,476.98	(64,562,834.55)	32,623,749.25
TOTAL LIABILITIES, OTHER OBLIGATIONS, AND AVAILABLE BALANCES	$ 347,403,203.88	$ 220,289,469.68	$ 179,160,329.93	$ 53,322,255.85
From Exhibit "A" of Section	II	III	IV	V

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

DETAIL OF 1988

Proprietary Fund Types		Fiduciary Fund Types				Totals (Memorandum Only)	
Enterprise Funds	Intragovernmental Service Funds	Trust and Agency Funds	Clearing Refund and Suspense Funds	Payroll Clearing Funds	Long-Term Obligations Account Group	1988	1987
$ 18,127,957.72	$ 31,416,438.37	$ 133,243,704.04	$ 58,683,789.32	$ 9,341.17	$ ---	$ 927,962,260.82	$ 639,434,271.59
1,000.00	---	500.00	500.00	---	---	777,707.00	705,707.00
13,278.46	---	---	---	---	---	115,199.17	8,172,480.28
---	---	385,326,000.00	---	---	---	385,326,000.00	344,172,000.00
---	---	2,133,938.12	---	---	---	2,133,938.12	2,011,495.37
---	---	3,099,959,976.18	---	---	---	3,099,959,976.18	2,848,595,998.63
18,338,532.35	444,578.13	54,600,682.15	---	---	---	178,548,318.40	182,962,590.09
---	---	60,549,669.25	---	---	---	60,549,669.25	52,797,369.42
---	---	---	---	---	---	7,652,075.86	7,355,258.85
24,653,000.00	---	---	---	---	172,340,000.00	196,993,000.00	203,881,000.00
509,099.29	18,276,147.88	---	---	---	8,300,000.00	27,085,247.17	31,451,825.30
---	4,535,000.00	---	---	---	22,550,572.00	27,085,572.00	21,787,530.00
---	---	---	---	---	64,782,459.00	64,782,459.00	64,228,363.00
---	---	---	---	---	44,584,435.00	44,584,435.00	35,024,464.00
$ 61,642,867.82	$ 54,672,164.38	$ 3,735,814,469.74	$ 58,684,289.52	$ 9,341.17	$ 312,557,466.00	$ 5,023,555,857.97	$ 4,442,580,353.53
$ 778,904.42	$ 4,904,373.40	$ 42,646,981.78	$ 45,883,202.50	$ 9,341.17	$ ---	$ 186,844,596.40	$ 153,381,024.95
---	---	---	---	---	---	0.00	917,739.82
---	---	60,549,669.25	---	---	---	60,549,669.25	52,797,369.42
24,653,000.00	---	---	---	---	172,340,000.00	196,993,000.00	203,881,000.00
---	4,535,000.00	---	---	---	22,550,572.00	27,085,572.00	21,787,530.00
---	---	---	---	---	64,782,459.00	64,782,459.00	64,228,363.00
509,099.29	18,276,147.88	---	---	---	8,300,000.00	27,085,247.17	31,451,825.30
---	---	---	---	---	44,584,435.00	44,584,435.00	35,024,464.00
---	---	2,133,938..2	---	---	---	2,133,938.12	2,011,495.37
---	---	---	---	---	---	8,681,132.01	22,572,897.00
25,941,003.71	27,715,521.28	105,330,589.15	45,883,202.50	9,341.17	312,557,466.00	618,740,048.95	588,053,708.86
2,400,298.67	6,116,766.26	7,104,955.04	545,314.44	---	---	318,829,649.90	390,402,903.47
---	---	---	---	---	---	37,898,011.99	15,729,835.46
2,400,298.67	6,116,766.26	7,104,955.04	545,314.44	0.00	0.00	356,727,661.89	406,132,738.93
---	---	---	---	---	---	271,391,055.13	68,723,146.77
14,948,754.63	20,395,298.71	468,817,767.22	12,255,272.58	---	---	498,324,947.40	354,451,621.12
---	---	---	---	---	---	(8,681,132.01)	(22,572,897.00)
1,000.00	---	500.00	500.00	---	---	777,707.00	705,707.00
13,278.46	---	---	---	---	---	115,199.17	8,172,480.28
---	---	3,099,959,976.18	---	---	---	3,099,959,976.18	2,848,595,998.63
18,338,532.35	444,578.13	54,600,682.15	---	---	---	178,548,318.40	182,962,590.09
---	---	---	---	---	---	7,652,075.86	7,355,258.85
33,301,565.44	20,839,876.84	3,623,378,925.55	12,255,772.58	0.00	0.00	4,048,088,147.13	3,448,393,905.74
$ 61,642,867.82	$ 54,672,164.38	$ 3,735,814,469.74	$ 58,684,289.52	$ 9,341.17	$ 312,557,466.00	$ 5,023,555,857.97	$ 4,442,580,353.53
VI	VII	VIII	IX	X	XI		

EXHIBIT "B"

COMBINED FUNDS
Analysis of Change in Unencumbered Cash Balance
July 1, 1987, to June 30, 1988

	Governmental Fund Types			
	State General Fund	Special Revenue Funds	Highway Funds	Capital Projects Funds
Amounts Available For Expenditure:				
Unencumbered Cash Balance at July 1, 1987	$ 73,253,209.88	$ 113,444,151.09	$ (223,409,908.76)	$ 17,991,161.07
Encumbrances Outstanding at July 1, 1987	15,922,946.30	32,007,917.93	305,959,993.92	7,389,761.84
Subtotal	89,176,156.18	145,452,069.02	82,550,085.16	25,380,922.91
Revenue Fiscal Year 1988	2,113,078,221.83	1,213,742,315.42	466,691,076.69	75,041,103.17
TOTAL AVAILABLE	2,202,254,378.01	1,359,194,384.44	549,241,161.85	100,422,026.08
Amounts Expended and Encumbered:				
Expenditures Fiscal Year 1988	1,880,904,640.00	1,176,818,225.40	484,544,615.00	74,985,233.11
Encumbrances Outstanding at June 30, 1988				
Firm Obligations	20,135,819.72	20,143,440.13	14,668,966.46	10,733,891.56
Contingent Obligations	0.00	34,180,547.06	200,276,486.69	2,523,163.87
TOTAL EXPENDED AND ENCUMBERED	1,901,040,459.72	1,231,142,212.59	699,490,068.15	88,242,288.54
UNENCUMBERED CASH BALANCE AT JUNE 30, 1988 #	$ 301,213,918.29 (a)	$ 128,052,171.85	$ (150,248,906.30)	$ 12,179,737.54 (a)
From Exhibit "B" of Section	II	III	IV	V

(a) This amount does not take into consideration the amount of reappropriated balances of appropriations at June 30, 1988, as follows:

State General Fund		$ 32,053,831.24
Capital Projects Funds:		
Kansas Educational Building Fund	$ 2,044,910.85	
State Institutions Building Fund	1,803,640.53	
Correctional Institutions Building Fund	1,995,629.37	5,844,180.75
Total		$ 37,898,011.99

This represents the unencumbered cash balance in the State Treasury and does not include Investments, Cash with Banks for Purchase of Investments, nor Agencies Imprest Funds. The amounts for these items are shown in Exhibit A, Combined Funds Comparative Balance Sheet.

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

Proprietary Fund Types		Fiduciary Fund Types				
Enterprise Funds	Intragovernmental Service Funds	Trust and Agency Funds	Clearing Refund and Suspense Funds	Payroll Clearing Funds	Long-Term Obligations Account Group	Total 1988
$ 11,205,857.07	$ 19,318,273.27	$ 407,530,696.97	$ 19,571,162.76	$ 917,739.82	$ 0.00	$ 439,822,343.17
7,089,529.41	4,624,818.01	17,319,519.53	88,416.53	0.00	0.00	390,402,903.47
18,295,386.48	23,943,091.28	424,850,216.50	19,659,579.29	917,739.82	0.00	830,225,246.64
85,844,333.73	120,566,153.80	1,916,873,225.83	887,332,848.86	23,019,537.67	0.00	6,902,188,817.00
104,139,720.21	144,509,245.08	2,341,723,442.33	906,992,428.15	23,937,277.49	0.00	7,732,414,063.64
86,790,666.91	117,997,180.11	1,865,800,720.07	894,191,841.13	23,937,277.49	0.00	6,605,970,399.22
1,480,637.16	5,091,794.56	4,502,549.98	13,814.44	0.00	0.00	76,770,914.01
919,661.51	1,024,971.70	2,602,405.06	531,500.00	0.00	0.00	242,058,735.89
89,190,965.58	124,113,946.37	1,872,905,675.11	894,737,155.57	23,937,277.49	0.00	6,924,800,049.12
$ 14,948,754.63	$ 20,395,298.71	$ 468,817,767.22	$ 12,255,272.58	$ 0.00	$ 0.00	$ 807,614,014.52
VI	VII	VIII	IX	X	XI	

EXHIBIT "C"

COMBINED FUNDS
Comparative Statement or Revenue and Expenditures
For the Fiscal Years Ending June 30

	Governmental Fund Types			
	State General Fund	Special Revenue Funds	Highway Funds	Capital Projects Funds
OPERATING REVENUE				
Taxes	$ 2,086,246,556.53	$ 5,057,191.83	$ 241,280,577.84	$ 19,382,834.24
Agency Earnings	13,574,374.85	341,763,686.90	5,151,437.26	1,201,217.57
Revenue From the Use of Money and Property	41,441,231.85	5,040,818.41	9,547,728.58	2,137,594.37
Gifts, Donations and Grants	20,069.09	646,574,638.42	197,566,606.35	67,706.00
Other Operating Revenue	19,584,778.03	4,744,641.48	33,858.73	0.00
GROSS OPERATING REVENUE	2,160,867,010.35	1,003,180,977.04	453,580,208.76	22,789,352.18
OPERATING EXPENDITURES				
Salaries and Wages	559,486,474.15	358,355,022.67	78,611,149.79	260,810.29
Contractual Services	128,856,177.38	138,896,058.76	26,900,471.02	4,094,076.59
Commodities	29,779,859.96	51,650,502.50	20,384,007.50	321,162.99
Capital Outlay	22,338,526.94	28,904,761.55	273,799,200.46	18,673,808.60
Grants, Claims, Shared Revenue and Debt Service	955,511,777.15	516,222,167.90	99,425,451.00	4,761,746.76
GROSS OPERATING EXPENDITURES	1,695,972,815.58	1,094,028,513.32	499,120,279.77	28,111,555.23
Excess of Operating Revenue Over Operating Expenditures	464,894,194.77			
Excess of Operating Expenditures Over Operating Revenue		90,847,536.28	45,540,071.01	5,322,203.05
GROSS NON-OPERATING REVENUE	(47,788,788.52)	210,561,338.38	33,110,867.93	52,251,750.99
GROSS NON-OPERATING EXPENDITURES	184,931,824.42	82,789,712.08	(14,575,664.77)	46,873,677.88
Excess of Non-Operating Revenue Over Non-Operating Expenditures		127,771,626.30	47,686,532.70	5,378,073.11
Excess of Non-Operating Expenditures Over Non-Operating Revenue	232,720,612.94			
EXCESS OF REVENUE OVER EXPENDITURES	$ 232,173,581.83	$ 36,924,090.02		$ 55,870.06
EXCESS OF EXPENDITURES OVER REVENUE			$ 17,853,538.31	
From Exhibit "C" of Section	II	III	IV	V

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

DETAIL OF 1988						Totals (Memorandum Only)	
Proprietary Fund Types		Fiduciary Fund Types					
Enterprise Funds	Intragovernmental Service Funds	Trust and Agency Funds	Clearing Refund and Suspense Funds	Payroll Clearing Funds	Long-Term Obligations Account Group	1988	1987
$ 0.00	$ 233,348.40	$ 393,223,757.07	$ 206,960,415.78	$ 0.00	$ 0.00	$ 2,952,384,681.69	$ 2,625,825,900.99
20,729,004.61	98,986,591.20	351,848.73	120,233.39	0.00	0.00	481,878,394.51	398,833,846.29
22,057,145.22	9,481,287.76	315,533,528.06	1,621,164.02	0.00	0.00	406,860,498.27	485,647,081.18
67,894.00	0.00	15,769,440.81	0.00	0.00	0.00	860,066,354.67	822,000,705.88
517,011.81	185,281.79	48,526,868.72	(415,961.84)	0.00	0.00	73,176,478.72	60,977,331.12
43,371,055.64	108,886,509.15	773,405,443.39	208,285,851.35	0.00	0.00	4,774,366,407.96	4,393,284,865.46
20,998,935.82	27,487,948.03	3,646,259.98	256,549.59	0.00	0.00	1,049,103,150.32	1,001,611,823.89
9,642,645.53	41,422,113.33	45,050,483.54	2,376,142.56	0.00	0.00	397,238,118.65	347,055,651.59
7,120,036.50	22,382,308.80	197,216.16	11,871.92	0.00	0.00	131,846,966.33	121,336,211.51
6,464,983.34	23,137,073.04	11,786,679.89	7,232.97	0.00	0.00	385,112,266.79	384,604,087.05
1,900,380.43	1,416,308.95	698,670,549.76	1,704,699.37	0.00	0.00	2,279,613,081.34	2,097,207,285.53
46,126,981.62	115,845,752.15	759,351,189.35	4,356,496.41	0.00	0.00	4,242,913,583.43	3,951,815,059.57
		14,054,254.04	203,929,354.94	0.00	0.00	531,452,824.43	441,469,805.89
2,755,925.98	6,959,243.00						
42,473,278.09	11,679,644.65	1,143,467,782.44	679,046,997.51	23,019,537.67	0.00	2,127,822,409.14	2,306,249,271.13
40,663,685.29	2,151,427.96	1,106,449,530.72	889,835,344.72	23,937,277.49	0.00	2,363,056,815.79	2,672,355,818.28
1,809,592.80	9,528,216.69	37,018,251.72					
			210,788,347.21	917,739.82	0.00	235,234,406.65	366,106,547.15
	$ 2,568,973.69	$ 51,072,505.76				$ 296,218,417.78	$ 75,363,258.74
$ 946,333.18			$ 6,858,992.27	$ 917,739.82	$ 0.00		
VI	VII	VIII	IX	X	XI		

COMBINED FUNDS
Comparative Statement of Operating and Non-Operating Revenue
For the Fiscal Years Ending June 30

SCHEDULE "C-1"

	1988	1987
OPERATING REVENUE		
TAXES		
Property Taxes (Ad Valorem):		
Real Estate and Other Property	$ 16,856,221.83	$ 17,070,836.48
Motor Vehicles	2,526,612.41	2,409,881.56
Intangible	0.00	0.00
Motor Carrier (Rolling Stock)	10,008,460.84	11,010,890.21
Total Property Taxes (Ad Valorem)	29,391,295.08	30,491,608.25
Income and Inheritance Taxes:		
Corporation Income Tax Return Payments	113,607,686.72	69,342,599.65
Corporation Estimated Tax Payments	99,536,036.90	86,524,510.36
Individual Income Tax Return Payments	168,948,225.01	100,037,385.61
Employer's Withholding Tax Remittances	655,737,359.96	597,259,834.06
Individual Estimated Tax	134,488,614.90	102,421,739.21
Inheritance Tax	45,248,763.29	32,331,088.21
Privilege Tax on Net Income of Certain Financial Institutions	23,289,228.07	31,922,608.79
Domestic Insurance Company Income Tax	849,969.84	505,453.34
Total Income and Inheritance Taxes	1,241,705,884.69	1,020,345,219.23
Sales, Use, Ownership and Other Excise Taxes:		
State Sales Tax	689,488,655.60	643,134,738.55
State Consumer's Compensating Tax	42,411,278.96	41,917,635.12
State Retailer's Compensating Tax	51,200,595.46	47,990,562.93
Local Sales Tax	201,933,584.61	190,921,499.86
Local Compensating Use Tax	3,837,047.79	3,671,392.21
Cigarette Tax	59,255,235.30	60,900,723.67
Motor Fuel Tax:		
Gasoline Tax Collections	144,779,565.64	119,438,912.95
Special Fuels Collections	30,906,076.34	27,667,817.39
Liquefied Petroleum Collections	545,257.91	526,427.24
Gasohol Tax Collections	937,237.13	15,098,688.60
Cereal Malt Beverage	3,608,029.62	4,320,080.58
Liquor Enforcement	19,145,774.76	18,246,247.78
Alcoholic Liquor:		
Liquor Gallonage Tax	12,709,786.26	12,099,949.23
Liquor - Club, Caterer or Drinking Establishment	11,915,456.14	10,868,883.89
Motor Vehicle Registrations	73,515,018.68	69,199,017.48
Tobacco Products Tax	1,459,974.08	1,377,836.68
Corporation Franchise Tax	8,947,096.06	8,788,740.49
Wheat	1,197,232.41	1,111,249.65
Motor Boat Registrations	225,580.00	333,899.00
Motor Vehicle Dealer's Tax	58,439.42	53,658.41
Severance Tax on Coal	1,024,770.70	1,004,063.58
Severance Tax on Salt	10,146.62	80,529.11
Severance Tax on Oil	34,668,973.47	28,671,380.54
Severance Tax on Gas	43,621,692.84	32,602,389.50
*Marijuana	2,457.50	0.00
*Controlled Substances	0.00	0.00
Total Sales, Use, Ownership and Other Excise Taxes	1,437,504,963.30	1,340,026,324.34
Gross Receipts Taxes:		
Car Companies and Owners	703,567.83	764,701.35
Insurance Companies:		
Insurance Premiums (Foreign)	57,995,479.17	52,423,796.00
Insurance Premiums (Firemen's Relief)	3,972,501.06	3,973,877.11
Insurance Premiums (State Fire Marshal)	2,086,307.31	2,171,195.89
Insurance Premiums (Domestic)	5,255,871.36	6,316,661.27
Insurance Premiums (Retaliatory)	3,108,829.63	4,311,625.51
Bingo Tax	766,545.05	774,577.03
Transient Guest Tax	5,551,756.97	4,888,425.80
Musical and Dramatical Compositions Tax	14,227.20	9,481.89
Other Gross Receipts Taxes	0.00	0.00
Total Gross Receipts Taxes	79,305,085.54	75,634,341.85
Payroll Taxes:		
Employment Security Contributions	164,477,453.08	159,328,407.32
TOTAL TAXES	2,952,384,681.69	2,625,825,900.99

* New revenue classification for fiscal year 1988.

SCHEDULE "C-I"-Continued

COMBINED FUNDS
Comparative Statement of Operating and Non-Operating Revenue
For the Fiscal Years Ending June 30

	1988	1987
OPERATING REVENUE (Continued)		
AGENCY EARNINGS		
Service Charges:		
Charges for Inspections, Supervisions, Examinations and Audits	15,884,727.75	13,566,144.95
Charges for Technical and Skilled Services Other Than Inspectional	24,028,728.61	21,533,896.94
Charges for Services in Connection with Corporation Insurance and Other Organizations	1,025,175.66	1,158,668.82
Charges for Clerical Services, Issuance of Certificates and Copies in Agency Offices	4,614,738.84	4,354,902.56
Charges for Education and Libraries	116,334,724.43	105,289,154.89
Charges for Care and Hospitalization of Persons	119,214,079.22	112,737,294.25
Charges for Admissions:		
Admissions to Fairgrounds	627,168.45	631,930.03
Admissions to Athletic Events	223,516.57	7,908.33
Admissions to Plays and Concerts	1,262,313.95	1,075,101.88
Admissions to Historic Sites	6,682.96	6,489.78
Other Admissions	46,270.43	54,458.84
Capitol Area and KANS-A-N Telephone System Charges	16,633,018.41	11,872,752.78
Other Service Charges:		
Collection Assistance Fee	327,207.00	293,669.49
Bond Registration Fees and Commissions	399,208.42	350,689.63
*Central Motor Pool Vehicle Operating Fees	1,301,145.04	0.00
*Central Motor Pool Capital Fees	402,885.17	0.00
Other Miscellaneous Service Charges	15,038,955.42	15,337,919.79
Total Service Charges	317,370,546.33	288,270,982.96
Licenses, Permits and Registrations:		
Occupational Licenses, Permits and Registrations (Business):		
To Render Personal Services	4,944,869.45	3,984,127.07
To Engage in Business	9,478,375.49	7,505,957.64
Motor Carrier Businesses	4,546,113.52	4,466,143.50
Special Vehicle Permits	267,799.13	242,263.80
Bingo License Application and Registration Fees	18,525.00	19,075.00
Other Occupational Licenses, Permits and Registrations (Business)	603,665.00	480,651.01
Nonoccupational Licenses, Permits and Registrations (Nonbusiness):		
To Hunt, Fish or Trap	6,745,998.50	6,587,335.98
To Operate Motor Vehicle	6,042,951.27	6,164,125.76
Fish Hatchery Fees	863,489.00	861,250.00
Big Game Permits	2,061,587.20	1,856,156.00
*Migratory Waterfowl Fees	110,679.00	0.00
Other Nonoccupational Licenses, Permits & Registrations (Nonbusiness)	1,592,328.23	1,439,163.48
Total Licenses, Permits and Registrations	37,276,380.79	33,606,249.24
Sale of Commodities:		
* Manufactured Products (Including Printing)	11,581,125.15	10,603,018.80
State Printed Matter and Publications	2,816,970.96	2,763,558.08
Farm, Garden and Orchard Crops, Dairy Products, Processed or Produced	3,022,560.74	2,255,280.61
Livestock and Poultry	2,944,290.47	2,783,706.46
Salvage, Scrap, Obsolete and Condemned Material	131,427.46	121,539.66
Usable Condemned Equipment	797,902.60	706,909.82
Sales of Meals and Processed Foods	9,808,334.75	9,464,258.82
Other Sundry Articles and Commodities	5,691,378.59	5,632,586.40
Total Sale of Commodities	36,793,790.72	34,330,858.65
Grain Marketing Assessments:		
Corn Marketing Assessment	506,104.40	552,803.67
Grain Sorghum Marketing Assessment	714,828.98	812,106.16
Soybean Marketing Assessment	553,288.29	499,144.51
Total Grain Marketing Assessments	1,774,221.67	1,864,054.34
Lottery Ticket Sales:		
*Lottery Ticket Sales - Instant Games	33,707,690.70	0.00
*Lottery Ticket Sales - KANSAS on Line Games	0.00	0.00
*Lottery Ticket Sales - Multistate on Line Games	6,129,417.27	0.00
Total Lottery Ticket Sales	39,837,107.97	0.00
Departmental or Agency Sales	48,826,347.03	40,761,701.10
TOTAL AGENCY EARNINGS	481,878,394.51	398,833,846.29

* New revenue classification for fiscal year 1988.

SCHEDULE "C-1"-Continued

COMBINED FUNDS
Comparative Statement of Operating and Non-Operating Revenue
For the Fiscal Years Ending June 30

	1988	1987
OPERATING REVENUE (Continued)		
REVENUE FROM THE USE OF MONEY AND PROPERTY		
Investment Income - Kansas Public Employees Retirement System:		
Interest and Dividends from KPERS Investment	206,154,982.80	193,721,169.90
Amortization of KPERS Bond Premiums	(2,114,016.30)	(2,540,181.05)
Amortization of KPERS Bond Discounts	6,047,033.74	6,041,432.46
Gain or Loss on KPERS Investments Sold	68,489,137.83	163,417,634.87
Total Investment Income - Kansas Public Employees Retirement System	278,577,138.07	360,640,056.18
Investment Income - Other State Agencies:		
Interest on State Treasury Deposits	56,490,627.15	53,916,335.76
Interest on State Treasury Investments	11,054,020.48	6,593,882.67
Interest on State Agency Investments	15,559,120.95	19,729,710.44
Interest on Imprest Fund Accounts	504.01	610.86
Interest on Pooled Money Investment Board Loans to State Agencies	3,219,689.06	3,270,333.38
*Interest on State General Fund Loans to State Agencies	144,244.24	0.00
Gain or Loss on Investments Sold	(152,850.01)	(538,594.74)
Other Interest, Dividends, Premiums and Discounts	2,471,464.70	2,185,139.59
Total Investment Income - Other State Agencies	89,586,820.58	87,157,445.91
Rents and Royalties:		
Unimproved Land	195,345.95	173,970.28
Real Estate and Buildings	178,300.62	188,078.58
Halls and Rooms in State Buildings	33,031,785.92	31,707,828.41
Oil, Gas, Mineral and Sand Royalties	1,327,820.89	1,792,541.49
Sale of Rights to Manuscripts	13.66	0.00
Sale of Permission to Quote Copyrighted Material	20,217.00	15,745.80
Other Rents and Royalties	3,943,055.58	3,971,414.53
Total Rents and Royalties	38,696,539.62	37,849,579.09
TOTAL REVENUE FROM THE USE OF MONEY AND PROPERTY	406,860,498.27	485,647,081.18
GIFTS, DONATIONS AND GRANTS		
Federal Grants:		
Highways and Bridges	186,681,439.26	194,367,421.19
Public Health	46,589,061.35	42,186,666.00
Assistance and Relief:		
Social and Rehabilitation Services Federal Formula Grants Group A	237,488,761.00	211,149,700.00
Social and Rehabilitation Services Federal Formula Grants Group B	74,371,005.60	23,746,322.27
Social and Rehabilitation Services Federal Block Grants	2,290,041.00	52,224,532.00
Employment Security Administration	20,975,002.62	23,117,919.82
Education and Research	186,166,287.85	171,855,231.31
Other Federal Grants	68,361,853.27	75,577,269.10
Total Federal Grants	822,923,451.95	794,225,061.69
All Other Grants, Gifts, Donations and Contributions	37,142,902.72	27,775,644.19
TOTAL GIFTS, DONATIONS AND GRANTS	860,066,354.67	822,000,705.88
OTHER OPERATING REVENUE		
Workers' Compensation Fund Assessments	17,983,751.16	6,542,599.05
Workers' Compensation Fund - Non-Dependent Deaths	136,131.02	153,000.00
Workers Compensation Division Assessments	152,319.18	2,022,289.54
Health Care Premium Surcharge	30,248,761.93	26,598,449.81
Health Care Provider Insurance Availability Plan Profits	0.00	45,930.00
*Indigent Defense Services Deductions from Docket Fees	99,009.81	0.00
Crime Victim Reparations Deductions from Docket Fees	457,706.09	471,248.18
District Court Clerk's Fees	8,786,882.37	8,727,043.55
Law Enforcement Training Center Deductions from Docket Fees	1,143,208.34	1,084,123.73
Fines, Penalties and Forfeitures - District Courts	7,984,529.92	7,949,987.55
Investment Income on District Court Accounts	374,803.31	342,331.36
Alcohol and Drug Safety Action Program Assessments	20,927.91	13,926.91
Other Fines, Penalties and Forfeitures	1,585,491.98	1,337,296.96
Unclaimed Property Receipts	2,254,816.87	1,664,625.96
Other Operating Revenue:		
Outlawed Warrants	642,560.53	548,029.94
Bad Debts Recovered	148,859.43	235,734.84
Other Miscellaneous Revenue	1,156,718.87	3,240,711.74
TOTAL OTHER OPERATING REVENUE	73,176,478.72	60,977,331.12
GROSS OPERATING REVENUE	4,774,366,407.86	4,393,284,865.46

* New revenue classification for fiscal year 1988.

SCHEDULE "C-I"-Concluded

COMBINED FUNDS
Comparative Statement of Operating and Non-Operating Revenue
For the Fiscal Years Ending June 30

	1988	1987
NON-OPERATING REVENUE		
BORROWINGS		
Revenue Bond Proceeds	4,478,312.50	16,012,131.00
Certificates of Participation Proceeds	16,133,480.00	35,273,500.00
Accrued Interest on Certificates of Participation Issued	5,553.49	165,630.37
Accrued Interest on Revenue Bonds Issued	0.00	74,093.66
Other Borrowings	4,000,000.00	8,830,000.00
TOTAL BORROWINGS	24,617,345.99	60,355,355.03
RECEIPTS FROM THE CONVERSION OF ASSETS		
Kansas Public Employees Retirement System:		
KPERS Receivables	(43,896,933.11)	40,826,809.38
Sale of KPERS Securities (Cost)	12,230,187,751.75	18,036,083,123.21
Sale of Bonds by KPERS (Face)	1,768,215,001.72	1,772,679,215.30
Small Business Administration Loan Redemptions by KPERS	0.00	12,055.45
Mortgages Sold or Matured by KPERS	60,573,847.51	141,559,892.56
KPERS Investment Clearing	(14,015,079,667.87)	(19,991,161,095.90)
Total Kansas Public Employees Retirement System	(0.00)	0.00
Other State Agencies:		
Sale of Land and Buildings	179,637.03	154,298.61
Insurance Reimbursements	303,594.17	647,369.07
Investments (Book Value)	71,234,979.38	121,767,354.22
Other Asset Conversions	77,399.79	173,994.62
Total Other State Agencies	71,795,610.37	122,743,016.52
TOTAL RECEIPTS FROM THE CONVERSION OF ASSETS	71,795,610.37	122,743,016.52
REIMBURSEMENTS AND REFUNDS		
Recovery of Current Fiscal Year Expenditures	40,070,284.81	36,009,399.96
Recovery of TIAA-CREF Remittances	30,389.07	48,675.52
AFDC Child Support Collections	13,479,423.26	10,795,635.25
General Medical Recoveries	1,347,662.17	2,199,853.29
Medical Audit Recoveries	15,797.61	0.00
Non-Welfare Child Support Collections	1,943,406.49	1,428,819.77
Refunds of Advances:		
Refunds of Advances for Petty Cash Funds	551.89	2,007.68
Refunds of Advances for Imprest Funds	100,100.00	10.82
Refunds of Advances for Independent Parcel Delivery Service Advance Funds	0.00	20.58
Refund of Temporary Imprest Fund Advances for Payroll	0.00	0.00
Other Refunds of Advances	146,371,381.65	134,256,431.66
Accrued Interest on Investments Purchased	77,319.11	58,783.99
Reimbursements and Refunds (Other than Sales) from Other State Agencies	43,529,757.11	41,760,440.14
Recovery of Accrued Interest Purchased on KPERS Investments	(32,038,007.42)	(25,347,090.72)
Other Reimbursements and Refunds	3,611,458.62	2,544,444.64
TOTAL REIMBURSEMENTS AND REFUNDS	218,539,524.37	203,757,432.58
PENSION ASSESSMENTS AND O.A.S.D.H.I.	152,194,082.25	262,494,684.32
TRUSTS	437,395,289.55	410,405,108.92
TRANSFERS		
Revenue Transfers	745,137,813.51	661,687,396.02
Payroll Consolidating Transfers In	409,042,008.18	375,343,881.30
Payroll Transfers	23,019,537.67	171,977,064.47
TOTAL TRANSFERS	1,177,199,359.36	1,209,008,341.79
SUSPENSE	7,991,530.48	4,641,870.13
OTHER NON-REVENUE RECEIPTS		
Recovery of Prior Fiscal Year Expenditures	2,542,177.16	5,282,632.79
Defeased Bond Payments Transfer from Trustee	1,886,228.60	4,142,758.87
Agency Payments Under Certificates of Participation Agreements	8,950,156.28	5,467,554.95
Other Non-Revenue Receipts	24,711,104.73	17,950,515.23
TOTAL OTHER NON-REVENUE RECEIPTS	38,089,666.77	32,843,461.84
GROSS NON-OPERATING REVENUE	2,127,822,409.14	2,306,249,271.13
TOTAL GROSS REVENUE	$ 6,902,188,817.00	$ 6,699,534,136.59

* COMBINED FUNDS
Comparative Statement of Operating and Non-Operating Expenditures
For the Fiscal Years Ending June 30

SCHEDULE "C-II"

	1988	1987
OPERATING EXPENDITURES		
SALARIES AND WAGES		
Classified Employees	$ 536,088,964.80	$ 513,237,222.00
Unclassified Employees	324,623,917.60	311,580,197.03
Student Employees:		
Graduate Teaching Assistants (Monthly)	10,906,787.87	9,554,493.16
Student Research Assistants (Monthly)	7,614,420.85	6,184,803.27
Other Students (Monthly)	3,619,969.64	2,870,088.93
Student Employees (Hourly)	17,114,062.44	18,859,496.04
Patient Employees	821,470.64	726,849.26
Special Payments:		
Foster Grandparents and Senior Companions Pay	0.00	43,820.40
Kansas National Guard Service Pay	7,916.19	46,299.11
Legislators' Compensation	1,200,739.12	1,053,682.95
Legislative Allowances	889,269.36	888,074.18
Pensions and Retirement Salaries and Wages:		
Classified Pensions and Retirement Salaries and Wages	707.24	1,214.67
Unclassified Pensions and Retirement Salaries and Wages	8,628.40	9,455.42
Other Employee Compensation:		
Work Improvement Suggestion Awards	8,708.31	3,647.07
Salary Advances	2,342.65	1,401.26
State Pension Fund Contributions:		
Public Employees Retirement System Contributions	15,450,030.64	18,768,810.06
Teachers Retirement Contributions KPERS	28,886.35	41,919.00
Educational Institutions Employees Retirement System Contributions	16,754,631.14	13,695,528.91
Educational Institutions Public Employees Retirement System Contributions (Prior Service Credits)	1,465,077.83	1,529,365.63
Educational Institutions TIAA-CREF Employees Group Life and Disability Insurance Contributions	1,341,683.24	1,300,968.11
Judges Retirement Fund Contributions	593,164.31	755,189.73
Correctional Officers Retirement Contributions	1,248,266.85	1,127,250.38
Police and Firemen's Retirement System Contributions - Highway Patrol	1,345,409.70	1,857,854.73
Police and Firemen's Retirement System Contributions - KBI	179,273.76	263,473.36
Other Employer Payroll Contributions:		
Federal OASDHI Contributions	57,201,768.69	55,409,747.13
Federal Employees Group Health and Life Insurance	610,833.73	528,891.70
Federal Employees Civil Service Retirement Contributions	1,196,004.83	1,048,504.95
Group Health and Hospitalization Insurance	40,426,192.69	33,434,056.49
State Workers' Compensation Contributions	7,511,991.08	5,983,801.10
State Unemployment Compensation Tax	841,830.37	805,717.86
TOTAL SALARIES AND WAGES	1,049,103,150.32	1,001,611,823.89
CONTRACTUAL SERVICES		
Communications:		
Postage	10,224,195.75	8,487,591.09
Telephone Service, Local Exchange Only, Direct Paid Vendor	0.00	8,599,464.97
*Commercial Local Communication Service	5,324,675.53	0.00
Telephone, Long Distance(Non-KANS-A-N)&Telegram Vendor Paid	0.00	369,933.15
*Commercial Long Distance Service	1,328,394.17	0.00
Private Line Voice/Data Transmission/Comm. Equip & Services	0.00	8,072,287.73
*Other Commercial Communication Service	9,765,951.26	0.00
Intergovernmental Voice/Data Service, Local, State Agy Paid	0.00	5,258,498.11
*Intergovernmental Local Communication Service	10,632,973.97	0.00
Intergovernmental Postage Payments	4,974,532.41	4,250,331.89
Intergovernmental Telephone and Telegraph, Commercial Long Distance - State	0.00	677,501.17
*Intergovernmental Long Distance Communication Services	10,438,647.75	0.00
Intergovernmental Telephone&Telegraph, (KANS-A-N) State	0.00	10,656,289.46
*Other Intergovernmental Communication Services	3,646,219.69	0.00
Other Communications	246,522.19	185,702.77
Freight and Express:		
Freight	665,348.14	513,196.00
Moving of Agency Offices	140,351.01	208,793.86
Employees' Personal Effects, In-State	90,721.74	72,055.96
Employees' Personal Effects, Out-of-State	117,233.79	42,467.04
Package Delivery Services	791,234.40	663,337.98
Other Freight and Express	56,417.33	28,549.38
Printing, Duplicating and Advertising:		
Printing and Binding (Payments to State Facilities Only)	6,769,921.98	6,446,600.10
Duplicating, Blue-Printing and Reproducing	3,089,032.01	2,903,927.62
Advertising (Classified and Legal)	1,786,528.94	1,441,045.98
Other Vendor Printing and Binding	3,249,602.59	1,270,956.75
Rental of Property and Equipment:		
Rent of Reprographic Equipment	1,828,999.99	1,879,276.86
Rent of Space in Buildings	8,578,496.60	10,725,728.36
Rent of Equipment	893,723.11	920,398.76
Rent of Land	299,444.61	248,129.72
Rental of Computer System Equipment	1,222,978.57	2,073,533.62
Rental of Information Processing Equipment	660,694.13	874,047.06
Rental of Computer or Information Processing Software	1,744,236.37	1,483,389.33
Intergovernmental Rent of Space in Buildings	12,255,234.53	10,675,721.76
Other Rent	1,935,864.51	1,895,513.62

* New expenditure classification for fiscal year 1988.

SCHEDULE "C-II"-Continued

COMBINED FUNDS
Comparative Statement of Operating and Non-Operating Expenditures
For the Fiscal Years Ending June 30

OPERATING EXPENDITURES (Continued)	1988	1987
CONTRACTUAL SERVICES (Concluded)		
Repairing and Servicing:		
Passenger Cars	682,090.00	613,850.32
Other Self-Propelled Equipment	1,123,301.83	1,070,233.57
Machinery and Equipment (Except Self-Propelled) and Furniture and Fixtures	6,438,017.79	6,015,842.64
Buildings and Grounds	10,368,725.19	11,882,695.47
Highways and Bridges	9,157,041.65	9,271,047.59
Repairing and Servicing Computer Systems Equipment	3,073,387.80	2,933,081.15
Information Processing, Microcomputer Systems and Data Communications Equipment	2,912,885.59	2,807,413.73
Computer Systems and Information Processing Equipment Software	822,783.08	599,387.77
Repairing and Servicing Not Otherwise Classified	1,065,151.21	905,491.68
In-State Travel and Subsistence:		
**Private Car Mileage	4,666,383.27	4,176,627.32
**Hire of Passenger Cars, Airplanes and Buses	531,186.67	649,230.73
**State Car Expense	740,336.66	677,456.21
**Central Motor Pool Vehicle Operating Charge	3,300,807.71	2,773,591.23
**Subsistence and Meals - IRS Reportable	1,507,305.15	1,421,528.77
*Central Motor Pool Capital Charge	398,788.47	0.00
**Railroad, Airplane and Bus Fares (Including Pullman)	47,720.85	1,911,061.91
**Subsistence (Meals and Lodging)	4,417,967.26	6,336,167.09
**Non-subsistence Items	679,914.55	1,422,538.47
Out-of-State Travel and Subsistence:		
**Private Car Mileage	364,941.29	0.00
**Hire of Passenger Cars, Airplanes and Buses	210,858.62	0.00
**State Car Expense	43,553.11	0.00
**Central Motor Pool Vehicle Operating Charge	11,226.78	0.00
**Subsistence and Meals - IRS Reportable	1,182.09	0.00
*Central Motor Pool Capital Charge	1,599.34	0.00
**Railroad, Airplane and Bus Fares (Including Pullman)	2,135,734.47	0.00
**Subsistence (Meals and Lodging)	2,873,532.08	0.00
**Nonsubsistence Items	1,200,954.71	0.00
Fees-Other Services:		
Recruitment Expenses (Out-of-State Applicants)	423,078.44	280,267.14
Honorariums	935,414.53	837,409.35
Data Processing Services	31,395,703.21	27,735,965.41
Recording Fees, Servicing Fees and Court Costs	264,827.79	177,571.55
Laboratory Fees	1,949,563.93	1,649,484.01
Tuition for Employees and Students	952,438.43	915,995.43
Boarding Home Payments (Care of Wards)	319.32	50.84
Maintenance and Tuition for Rehabilitation Clients	6,582,772.52	6,202,701.40
Other Fees	21,829,383.49	17,876,790.54
Fees-Professional Services:		
Architects and Engineers	10,964,827.77	11,171,261.66
Attorneys and Lawyers	7,899,590.71	7,117,323.28
Physicians and Medical Associations	2,760,652.68	2,402,327.87
Hospitals and Nursing Homes	3,159,926.54	3,073,437.66
Advertising Agencies	4,074,874.53	715,336.24
Veterinarians	357,760.27	373,234.96
Lecturers, Speakers and Entertainers	2,774,967.98	2,055,063.87
Accountants and Auditors	576,785.74	452,087.19
Other Professional Fees	59,845,657.32	41,587,341.37
Public Utility Service (Except Telephone and Telegraph):		
Electricity	25,813,594.06	27,224,444.77
Natural Gas	11,177,607.30	10,423,540.31
Steam	266,609.29	183,984.14
Water	2,067,791.45	1,873,583.21
Sewage Charges	1,315,441.94	1,128,822.41
Solid Waste Charges	528,131.81	609,152.48
Other Utilities	17,865.48	6,625.76
Other Contractual Services:		
Dues, Memberships and Subscriptions	6,515,451.67	5,881,202.06
Laundry, Dry Cleaning and Towel Service	740,183.98	764,707.77
Ward and Prisoner Incentive Earnings	801,112.23	702,108.55
Recreation and Entertainment	2,490,445.92	2,752,604.82
Rewards, Premiums, Bounties (Non-Employee)	216,569.90	149,896.87
Surety Bond and Insurance Premiums	17,854,339.43	14,300,257.45
Official Hospitality	200,428.18	187,169.68
*Employee Awards (Non-Cash)	4,109.11	0.00
Other Contractual Services	8,944,535.43	9,852,383.79
TOTAL CONTRACTUAL SERVICES	397,238,118.65	347,055,651.59
COMMODITIES		
Clothing	2,284,091.64	1,760,496.60
Feed and Forage	1,399,727.02	1,243,460.55
Food for Human Consumption	15,295,102.32	14,089,687.95
Fuel (Other than for Motor Vehicles):		
Coal and Coke	194.00	0.00
Fuel, Oil, Diesel and Kerosene	554,867.38	712,077.39
Liquid Propane Gas and Butane	120,371.46	114,689.39
Other Fuel	872.55	373.60

* New expenditure classification for fiscal year 1988.

** Out-of-State Travel and Subsistence is a new expenditure classification for fiscal year 1988. This was previously included with the In-State Travel and Subsistence.

SCHEDULE "C-II"-Continued

COMBINED FUNDS
Comparative Statement of Operating and Non-Operating Expenditures
For the Fiscal Years Ending June 30

	1988	1987
OPERATING EXPENDITURES (Continued)		
COMMODITIES (Concluded)		
Maintenance and Construction Materials, Supplies and Parts:		
Materials and Supplies for Buildings	6,910,738.73	6,455,086.32
Highway and Bridge Materials and Supplies	13,705,446.02	13,408,297.05
Computer System Parts Replacement and Repair	429,754.34	347,690.47
Other Equipment Parts, Material and Supplies	5,057,434.60	4,362,122.65
Motor Vehicle Parts, Supplies and Accessories:		
Gasoline	3,683,966.30	3,202,515.09
Diesel Fuel	1,755,433.40	1,307,042.30
Gasohol	4,763.71	1,920.08
Liquified Petroleum, Butane, Natural Gas	62,687.54	67,082.71
Aircraft Fuel	287,165.26	237,691.19
Motor Oil	140,809.64	144,796.26
Other Parts, Supplies and Accessories	3,993,322.84	3,622,975.74
Professional and Scientific Supplies and Materials:		
Drugs and Pharmaceuticals	10,938,328.45	10,087,478.95
Animal Drugs	261,342.19	199,296.90
Other Professional Scientific Supplies and Materials	28,268,359.55	25,181,724.32
Stationery, Office and Data Processing Supplies:		
Stationery and Office Supplies	8,871,183.28	7,630,699.90
Data Processing Supplies	3,054,677.14	2,728,242.50
Telecommunications Termination Equipment	116,330.55	157,483.14
Research Supplies and Materials	2,667,523.88	2,172,515.71
Other Supplies, Materials and Parts:		
Agricultural Supplies (Other than Feed and Forage), Materials and Parts	1,717,775.01	1,560,053.35
Household, Laundry and Kitchen Supplies and Materials	6,504,714.71	5,959,097.44
Power Plant Supplies	561,174.93	508,436.13
Recreation Supplies and Materials	251,561.55	238,362.70
Small Tools	581,580.60	477,869.21
Motor Vehicle License Tags, Etc. (For Resale)	1,087,543.59	3,007,865.02
Supplies Used in Manufacturing and Printing (For Resale)	6,770,837.99	6,533,803.23
Commodities Purchased For Resale To Using Departments	3,383,716.90	2,792,221.66
Other Supplies, Materials and Parts	1,123,567.26	1,023,056.01
TOTAL COMMODITIES	131,846,966.33	121,336,211.51
CAPITAL OUTLAY		
Equipment, Machinery, Furniture and Fixtures:		
Agricultural Equipment and Machinery	584,731.48	625,762.02
Household, Laundry and Kitchen Equipment and Furniture	1,491,289.11	1,579,959.50
Office Furniture, Fixtures and Equipment	3,853,871.78	3,381,800.30
Professional and Scientific Equipment	11,458,188.90	11,843,284.59
Passenger Cars	4,433,118.16	3,356,404.88
Trucks and Other Self-Propelled Equipment	9,462,100.98	7,571,086.27
Road and Highway Machinery and Equipment	957,247.43	927,815.66
Shop and Plant Maintenance Equipment	575,891.35	1,270,936.90
Other Equipment, Machinery, Furniture and Fixtures	854,061.36	565,908.13
Livestock	1,479,450.25	1,069,680.48
Books and Library Material	4,295,442.80	4,058,207.29
Reprographic Equipment	837,999.04	766,630.21
Computer Systems Equipment and Software:		
Microcomputer Systems and Support Equipment	6,846,876.71	5,660,725.91
Computer Systems Equipment	10,225,957.98	10,301,531.22
Information Processing Equipment	3,163,140.97	2,301,104.24
Computer Systems, Information Processing/Microcomputer Systems Software	2,812,218.52	2,940,585.45
Buildings and Improvements	48,312,608.34	51,276,935.43
Land and Interest in Land:		
Land and Interest in Land	3,327,914.14	4,806,257.61
Assessments for Improvements	83,035.84	53,849.76
Land Nonstructural Improvements	579,441.80	2,069,024.81
Highways and Bridges	257,745,245.08	262,915,909.20
Telecommunications/Data Facilities Equipment (State-Owned):		
Telecommunications Termination Equipment	936,448.83	881,904.96
Telecommunications Switching Equipment	1,439,354.81	150,595.22
Telecommunications Transmission Equipment	1,252,754.34	241,388.34
Radio (Portable) Equipment	503,518.95	347,416.15
Radio (Fixed) Equipment	849,509.80	149,406.22
Data Communications Equipment	407,346.66	111,509.39
Equipment Purchases for Non-State Use:		
Equipment Purchases for "Aid" Contracts	238,168.42	27,677.28
Equipment Purchases for Rehabilitation Clients	587,344.21	463,299.71
Computer Equipment and Software Purchases for County Reappraisal	0.00	0.00
Other Capital Outlay:		
Other Books and Library Material	198,408.72	150,926.20
Other Fixed and Moveable Property	1,105,754.03	780,351.38
Agency or Departmental Capital Outlay Purchases	4,213,826.00	1,956,212.14
TOTAL CAPITAL OUTLAY	385,112,266.79	384,604,087.05

SCHEDULE "C-II"-Continued

COMBINED FUNDS
Comparative Statement of Operating and Non-Operating Expenditures
For the Fiscal Years Ending June 30

OPERATING EXPENDITURES (Concluded)	1988	1987
GRANTS, CLAIMS AND SHARED REVENUE		
Federal Aid Payments:		
Federal Aid to Counties, Cities, Districts, Public Schools, and Other Local Units	121,100,749.25	110,187,728.41
Federal Aid to Qualified Non-State Organizations	46,193,042.11	39,571,227.84
Federal Aid to Other State Agencies	4,468,713.12	4,154,122.13
State Aid Payments:		
State Aid to Counties, Cities, Districts, Public Schools and Other Local Units	807,625,561.49	753,612,104.71
Shared Revenue	147,669,159.23	137,328,669.52
School District Employees Retirement Contributions	48,209,689.58	32,607,232.28
Local City County Sales and Compensating Use Tax	201,228,800.48	189,686,173.59
State Aid to Qualified Non State Organizations	10,828,390.84	10,222,697.26
State Aid to Other State Agencies	332,051.37	191,901.20
Local City County Transient Guest Tax Payments	5,337,340.8[illegible]	4,521,995.48
Claims:		
*KPERS - Insured Disability Payments	472,187.43	0.00
Death Claims	4,518.96	4,518.96
Personal Injury Claims	45,101.25	7,228.71
Property Damage or Loss Claims	260,650.60	269,460.94
Worker's Compensation Claims	22,355,821.27	12,994,556.04
Medical Malpractice Claims	14,307,402.88	11,720,578.87
Civil Rights Conciliation Claims	27,350.00	45,830.00
Prompt Payment Act Interest Penalties	1,190.13	1,388.36
Other Claims	7,407,573.39	3,794,867.24
Employment Security Benefits	165,035,244.85	179,817,023.32
Retirement Annuities and Payments:		
KPERS - Special Legislative Employees Retirement Benefits	32,203.24	25,380.00
KPERS - Non-School Employees Benefits	51,160,967.04	28,326,962.39
KPERS - Non-State Employees Benefits	(1,952.84)	15,138,139.88
KPERS - School Retirement Annuities	9,329,617.59	8,963,762.92
KPERS - Special KP&F Retirement System Employees Benefits	8,369,519.12	7,532,100.79
KPERS - KP&F Retirement System Employees Benefits	8,874,573.55	2,244,132.91
KPERS - Police and Firemen Retirement Benefits - Non-State Employees	0.00	5,056,658.94
KPERS - Teacher Retirement Benefits - State Employees	0.00	322,940.86
KPERS - KPERS School Employees Benefits	53,282,296.58	46,242,138.07
KPERS - Judges and Court Reporters Benefits	1,281,106.27	1,048,392.17
State Special Grants:		
Direct State Welfare Assistance	219,551,262.37	208,823,930.64
Direct Federal Welfare Assistance	219,084,478.19	193,880,964.39
Hospital Residencies and Internships	1,185,673.01	1,274,027.42
Tuition Grants	4,964,645.00	5,127,138.00
Homestead Property Tax Relief Payments	8,588,606.67	6,393,496.04
Nutrition and Health Grants	11,652,043.03	10,614,688.29
Other State Special Grants	182,885.43	2,000.00
Scholarship Grants:		
Scholarships, Fellowships and Grants to Students (Reportable on 1099)	(409,787.29)	1,426,481.49
Trainee's Stipends-Sponsored Instructional Grants	1,758,602.93	1,557,182.82
Trainee's Travel Allowances-Sponsored Instructional Grants	41,457.08	24,426.12
Trainee's Enrollment Fees-Sponsored Instructional Grants	288,757.85	346,778.87
Trainee's Room and Board-Sponsored Instructional Grants	4,110.12	10,515.52
Scholarships, Fellowships and Grants to Students (Non-Reportable on 1099)	26,636,853.98	23,498,127.54
Off-Campus Work Study	465,963.62	379,369.65
Training, Travel and Subsistence Allowances-Federal:		
Employment Security Benefits	(12.00)	27,186.00
JTPA Payments for Client Related Activities	0.00	0.00
WIN Payments for Client Related Activities	8,152.78	7,489.42
Other Grants, Claims and Shared Revenue:		
Losses From Monetary Transactions	1,139.76	1,473.31
*Royalty Payments	97,374.03	0.00
*Lottery Prize Claims	8,311,752.20	0.00
Agricultural Conservation Program Payments	1,602,532.84	1,332,341.78
Other Grants, Claims and Shared Revenue	12,163,059.70	11,767,065.38
TOTAL GRANTS, CLAIMS AND SHARED REVENUE	2,251,418,428.90	2,072,134,596.47
DEBT SERVICE		
Interest and Service Charges on Institutional or Departmental Debt	28,194,652.44	25,072,689.06
GROSS OPERATING EXPENDITURES	4,242,913,583.43	3,951,815,059.57

* New expenditure classification for fiscal year 1988.

COMBINED FUNDS
Comparative Statement of Operating and Non-Operating Expenditures
For the Fiscal Years Ending June 30

SCHEDULE "C-II"-Concluded

	1988	1987
NON-OPERATING EXPENDITURES		
DEBT SERVICE		
Repayment of Principal on Institutional or Departmental Debt	33,416,110.03	37,925,309.73
NON-EXPENSE ITEMS		
Investments-Kansas Public Employees Retirement System:		
Securities Purchased by KPERS	12,498,295,846.44	18,469,633,078.03
KPERS Accumulated Depreciation	(817,858.56)	(888,033.20)
Bonds Purchased (Face) by KPERS	1,730,057,595.89	1,781,337,097.75
Premium on Bonds - KPERS	(9,042,723.39)	(34,037,210.03)
Discount on Bonds - KPERS	19,220,637.93	(11,539,451.79)
Deferred Gain on Bond Swaps - KPERS	0.00	0.00
Deferred Loss on Bond Swaps - KPERS	0.00	0.00
Small Business Administration Loan Purchases by KPERS	0.00	0.00
Mortgage Purchases by KPERS	31,509,734.83	104,380,745.20
Accrued Interest Purchased on KPERS Investments	498,113.70	(3,880,266.05)
KPERS Payable	(3,270,921.62)	41,307,636.56
KPERS Deferred Premiums on Written Call and Put Options	(6,779.80)	0.00
KPERS Investment Clearing	(14,266,443,645.42)	(20,346,313,596.47)
Total Investments-Kansas Public Employees Retirement System	0.00	0.00
Investments-Other State Agencies:		
Principal and Premiums	83,073,111.45	127,591,099.53
Accrued Interest Purchased	47,840.81	58,783.99
Total Investments-Other State Agencies	83,120,952.26	127,649,883.52
Refunds:		
Reimbursements	213,000,968.31	246,490,793.03
Food Sales Tax Refunds	3,881,204.97	2,377,741.26
Interest Income on Unclaimed Property Refunds	7,787.70	11,055.80
Dividend Income on Unclaimed Property Refunds	66.66	2,773.97
Royalty Income on Unclaimed Property Refunds	0.00	0.00
Return of Non-Taxable Retirement Contributions	6,209,003.93	8,227,200.73
Interest Payments on Retirement Contributions	4,124,737.13	3,861,350.94
Return of School Savings Contributions	0.00	2,243.28
Return of Pension Savings to School Annuitants	(299.39)	735,539.39
Return of Taxable Retirement Contributions	9,568,502.05	7,222,441.26
Return of Unexpended Federal Grants to Federal Agencies	436,777.15	296,713.91
Return of Federal Advances for Right-of-Way	0.00	344,789.61
Total Refunds	237,228,748.51	269,572,643.18
Transfers:		
Transfers by Disbursement (Inter-Intra Agency)	131,450,492.57	124,113,155.11
Payroll Consolidating Transfers Out	458,361,917.10	389,748,979.03
Advance Earned Income Credit	2,562.63	897.72
Transfers to Trustee for Defeased Bonds	0.00	0.00
Transfers from Payroll Clearing Fund	10,149,775.87	72,331,924.00
Demand Transfers of Revenue	183,259,622.52	155,844,178.51
Total Transfers	783,224,370.69	742,039,134.37
Advances and Other Non-Expense Items:		
Advances	(24,216,463.56)	(21,416,525.17)
Investment Advances-Kansas Public Employees Retirement System	391,348,977.55	482,662,500.57
Advances for Petty Cash Funds	3,875.00	1,925.00
Advances for Imprest Funds	148,100.00	41,400.00
Advances for Independent Parcel Delivery Service	1,225.00	1,475.00
Temporary Imprest Fund Advance for Payroll	0.00	0.00
National Direct Student Loans	6,463,070.00	6,617,267.50
Health Professions Student Loans	479,724.00	485,041.00
Rural Medical Forgiveable Loans	440,000.00	410,000.00
Other Student Loans	154,700.00	100,000.00
Kansas Fiscal Agency Disbursements	429,238,225.29	409,663,909.14
Remittance of Retirement Annuity Premiums	36,548,324.94	33,243,744.15
Remittance of Health Insurance Premiums	66,699,356.96	58,686,202.36
Taxes Remitted	260,110,079.14	377,960,539.09
Payments from Certificate of Participation Acquisitions Funds	13,019,540.17	17,505,936.88
Depreciation Expense on KPERS Building Investments	817,858.56	888,033.20
Warrants Issued from Payroll Clearing Fund	13,787,501.62	102,629,665.02
Other Non-Expense Items	31,022,539.63	25,687,733.74
Total Advances and Other Non-Expense Items	1,226,066,634.30	1,495,168,847.48
GROSS NON-OPERATING EXPENDITURES	2,363,056,815.79	2,672,355,818.28
GROSS EXPENDITURES	$ 6,605,970,399.22	$ 6,624,170,877.85

GREAT SEAL OF THE STATE OF KANSAS
JANUARY 29 1861

SECTION II

STATE GENERAL FUND

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State General Fund

All revenues coming into the state treasury not specifically authorized by the constitution or by statute to be placed in a separate fund, and not given or paid over to the State Treasurer in trust for a particular purpose shall constitute the State General Fund. All legislative appropriations which do not designate a specific fund from which they are to be paid shall be considered to be proper charges against the State General Fund.

EXHIBIT "A"

STATE GENERAL FUND
Comparative Balance Sheet
June 30

	1988	1987
RECOGNIZED ASSETS		
Equity in State Treasurer's Common Cash Fund	$ 347,046,543.88	$ 113,899,419.75
Cash in Agencies Imprest Funds	356,660.00	332,160.00
TOTAL RECOGNIZED ASSETS	$ 347,403,203.88	$ 114,231,579.75
LIABILITIES, OTHER OBLIGATIONS AND AVAILABLE BALANCES		
LIABILITIES		
Unredeemed Warrants	$ 25,696,805.87	$ 24,723,263.57
Accrued KPERS Quarterly Employee Distribution (Note 1)	8,681,132.01	22,572,897.00
TOTAL LIABILITIES	34,377,937.88	47,296,160.57
OTHER OBLIGATIONS		
Total Unliquidated Encumbrances	20,135,819.72	15,922,946.30
Unencumbered Balance of Appropriations Reappropriated	32,053,831.24	10,897,055.77
Total Other Obligations	52,189,650.96	26,820,002.07
AVAILABLE BALANCES		
Unencumbered Cash Balance Available to Finance Appropriations July 1, 1988 to June 30, 1989	269,160,087.05	
Unencumbered Cash Balance Available to Finance Appropriations July 1, 1987 to June 30, 1988		62,356,154.11
Amount Available for the KPERS Quarterly Employee Distribution Financed from Succeeding Fiscal Year Appropriations (See Section XII, Note 21)	8,681,132.01	22,572,897.00
Unencumbered Cash Balance Available to Finance Appropriations July 1, 1988 to June 30, 1989 Net of Accrued Liabilities Financed from Succeeding Fiscal Year Appropriations	260,478,955.04	
Unencumbered Cash Balance Available to Finance Appropriations July 1, 1987 to June 30, 1988 Net of Accrued Liabilities Financed from Succeeding Fiscal Year Appropriations		39,783,257.11
Agencies' Imprest Funds	356,660.00	332,160.00
Total Available Balances	260,835,615.04	40,115,417.11
TOTAL LIABILITIES, OTHER OBLIGATIONS AND AVAILABLE BALANCES	$ 347,403,203.88	$ 114,231,579.75

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

SCHEDULE "A-1"

STATE GENERAL FUND
Comparison of Resources Available for Appropriation
For the Fiscal Years Ending June 30

	1988		1987	
Unencumbered Cash Balance for Appropriations at Beginning of Year	$ 62,356,154.11		$ (1,659,527.63)	
Add Prior Years' Appropriations Reappropriated	10,897,055.77		21,338,343.19	
Add Difference Between Prior Years' Encumbrances and Expenditures Charged to Those Encumbrances	1,686,875.05		1,613,586.32	
Adjusted Unencumbered Cash Balance at Beginning of Year		74,940,084.93		21,292,401.88
Difference Between Current Year Revenue and Current Year Charges				
Current Year Revenue	2,113,078,221.83		1,778,542,578.61	
Current Year Charges:				
Expenditures	1,697,645,017.48		1,574,764,701.91	
Demand Transfers	183,259,622.52		155,844,178.51	
Total Expenditures and Demand Transfers	1,880,904,640.00		1,730,608,880.42	
Less Expenditures Charged to Prior Years' Encumbrances	12,759,170.13		17,919,858.12	
Expenditures Chargeable to Current Year's Appropriations	1,868,145,469.87		1,712,689,022.30	
Add Unliquidated Encumbrances Chargeable to Current Year's Appropriations	18,658,918.60		13,892,748.31	
Current Year Charges Against Current Year Appropriations	1,886,804,388.47		1,726,581,770.61	
Excess of Current Year Revenue Over Current Year Expenditures		226,273,833.36		51,960,808.00
Unencumbered Cash Balance, June 30		301,213,918.29		73,253,209.88
Less Unencumbered Appropriations:				
Fiscal Year Appropriations	1,734,540,743.00		1,650,600,527.00	
Demand Transfers	183,259,622.52		155,844,178.51	
Reappropriations of Unencumbered Balance of Preceding Fiscal Year's Legislative Appropriations	10,897,055.77		21,338,343.19	
Subtotal	1,928,697,421.29		1,827,783,048.70	
Add Adjustments to Preceding Fiscal Year's Reappropriations	62,379.11		21,269.95	
Total Appropriations and Reappropriations (Adjusted) and Demand Transfers	1,928,759,800.40		1,827,804,318.65	
Add Difference Between Prior Years' Encumbrances and Expenditures Charged to those Encumbrances	1,686,875.05		1,613,586.32	
Total	1,930,446,675.45		1,829,417,904.97	
Less Charges Against Current Appropriations	1,886,804,388.47		1,726,581,770.61	
Unencumbered Balance of Appropriations	43,642,286.98		102,836,134.36	
Less Appropriations Lapsed By Legislative Session	11,588,455.74		91,939,078.59	
Unencumbered Balance of Appropriations Reappropriated		32,053,831.24		10,897,055.77
Unencumbered Cash Balance Available to Finance Succeeding Fiscal Year Appropriations		269,160,087.05		62,356,154.11
Less Amount Available for Accrued KPERS Quarterly Employee Distribution Financed from Succeeding Fiscal Year Appropriations#		8,681,132.01		22,572,897.00
Unencumbered Cash Balance Available to Finance Succeeding Fiscal Year Appropriations Net of Accrued Liabilities Financed from Succeeding Fiscal Year Appropriations		$ 260,478,955.04		$ 39,783,257.11

This represents the amount of employers' contributions payable to the Kansas Public Employees Retirement Fund for certain educational-related employees which accrued during the 4th quarter of fiscal year 1988 or the 3rd and 4th quarters of fiscal year 1987. See Section XII, Note 71.

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

EXHIBIT "B"

STATE GENERAL FUND
Analysis of Change in Unencumbered Cash Balance
July 1, 1987 to June 30, 1988

AMOUNTS AVAILABLE FOR EXPENDITURES		
Unencumbered Cash Balance at July 1, 1987	$ 73,253,209.88	
✓ Encumbrances Outstanding at July 1, 1987	15,922,946.30	
Subtotal	89,176,156.18	
Revenue Fiscal Year 1988	2,113,078,221.83	
TOTAL AVAILABLE		$ 2,202,254,378.01
AMOUNTS EXPENDED AND ENCUMBERED		
Expenditures Fiscal Year 1988	1,880,904,640.00	
Encumbrances Outstanding at June 30, 1988		
Firm Obligations	20,135,819.72	
Contingent Obligations	0.00	
TOTAL EXPENDED AND ENCUMBERED		1,901,040,459.72
UNENCUMBERED BALANCE AT JUNE 30, 1988		$ 301,213,918.29 *

* This amount does not take into consideration $32,053,831.24 of reappropriated balance of appropriations at June 30, 1988. This amount does not include the agencies' imprest funds held in local bank accounts in the amount of $356,660.00 .

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

EXHIBIT "C"

STATE GENERAL FUND
Comparative Statement of Revenue and Expenditures
For the Fiscal Years Ending June 30

	1988	1987
OPERATING REVENUE		
Taxes	$ 2,086,246,556.53	$ 1,761,327,948.61
Agency Earnings	13,574,374.85	13,003,503.24
Revenue from the Use of Money and Property	41,441,231.85	35,593,957.08
Gifts, Donations and Grants	20,069.09	8,158.21
Other Operating Revenue	19,584,778.03	18,850,640.85
GROSS OPERATING REVENUE	2,160,867,010.35	1,828,784,207.99
OPERATING EXPENDITURES		
Salaries and Wages	559,486,474.15	511,552,234.27
Contractual Services	128,856,177.38	116,897,369.02
Commodities	29,779,859.96	24,892,794.92
Capital Outlay	22,338,526.94	20,367,106.05
Grants, Claims, Shared Revenue and Debt Service	955,511,777.15	899,541,401.73
GROSS OPERATING EXPENDITURES	1,695,972,815.58	1,573,250,905.99
Excess of Operating Revenue Over Operating Expenditures	464,894,194.77	255,533,302.00
NON-OPERATING REVENUE		
Receipts from Conversion of Assets	19,436.00	0.00
Reimbursements and Refunds	828,349.51	490,822.44
Transfers	(48,684,198.82)	(50,891,023.07)
Other Non-Operating Receipts	47,624.79	158,571.25
GROSS NON-OPERATING REVENUE	(47,788,788.52)	(50,241,629.38)
NON-OPERATING EXPENDITURES		
Debt Service	0.00	0.00
Advances	44,425.00	12,950.00
Demand Transfers of Revenue	183,259,622.52	155,844,178.51
Transfers by Disbursements	1,232,863.90	1,100,845.92
Other Non-Operating Expenditures	394,913.00	400,000.00
GROSS NON-OPERATING EXPENDITURES	184,931,824.42	157,357,974.43
Excess of Non-Operating Expenditures Over Non-Operating Revenue	232,720,612.94	207,599,603.81
EXCESS OF REVENUE OVER EXPENDITURES	$ 232,173,581.83	$ 47,933,698.19

The Notes to the Financial Statements, Section III, are an integral part of the financial statements.

SCHEDULE "C-1"

STATE GENERAL FUND
Comparative Statement of Operating and Non-Operating Revenue
For the Fiscal Years Ending June 30

OPERATING REVENUE	1988	1987
TAXES		
Property Taxes:		
Motor Carrier (Rolling Stock)	9,896,562.11	10,945,541.25
Income and Inheritance Taxes:		
Corporation Income Tax Return Payments	71,901,670.41	18,108,155.42
Corporation Estimated Tax Payments	99,536,036.90	86,524,510.36
Individual Income Tax Return Payments	36,170,977.22	(65,101,400.22)
Employer's Withholding Tax Remittances	655,601,718.05	597,159,146.66
Individual Estimated Tax	134,489,614.90	102,421,739.21
Inheritance Tax	44,504,654.48	31,645,110.04
Privilege Tax on Net Income of Certain Financial Institution	12,375,200.91	26,118,778.43
Domestic Insurance Company Income Tax	823,172.84	480,754.51
Sales, Use, Ownership and Other Excise Taxes:		
State Sales Tax	682,869,787.19	637,608,155.69
State Consumer's Compensating Tax	41,988,486.67	41,542,896.59
State Retailer's Compensating Tax	50,919,452.15	47,682,270.28
Cigarette Tax	58,202,972.12	60,269,414.37
Cereal Malt Beverage	3,570,106.58	4,283,987.20
Liquor Enforcement	19,145,774.76	18,246,247.78
Liquor Gallonage Tax	12,004,541.00	11,399,043.61
Liquor - Club, Caterer or Drinking Establishment	2,975,811.00	2,710,886.21
Tobacco Products	1,455,923.69	1,375,439.26
Corporation Franchise Tax	8,672,059.34	8,569,880.99
Wheat	72,680.00	102,580.00
Motor Vehicle Dealer's Tax	58,439.42	53,658.41
Severance Tax on Coal	953,036.75	933,779.14
Severance Tax on Salt	9,436.36	74,892.07
Severance Tax on Oil	31,932,578.45	26,294,009.73
Severance Tax on Gas	40,286,904.15	29,776,629.23
*Marijuana	2,457.50	0.00
*Controlled Substances	0.00	0.00
Gross Receipts Taxes:		
Car Companies and Owners	703,567.83	764,701.35
Insurance Companies:		
Insurance Premiums (Foreign)	55,622,453.30	49,858,491.30
Insurance Premiums (State Fire Marshal)	1,956,618.94	2,040,436.40
Insurance Premiums (Domestic)	5,070,782.30	6,229,515.45
Insurance Premiums (Retaliatory)	2,094,371.78	2,843,501.61
Bingo Tax	254,445.63	257,979.22
Transient Guest Tax	111,035.20	97,739.17
Musical and Dramatical Compositions Tax	14,227.20	9,481.89
TOTAL TAXES	2,006,246,556.51	1,761,327,948.61
AGENCY EARNINGS		
Services Charges:		
Charges for Inspection, Supervision, Examination and Audits:		
Bank Commissioner	201,398.14	202,181.55
Board of Barber Examiners	3,585.00	3,529.00
Corporation Commission	416,973.50	425,844.82
State Department of Credit Unions	98,984.32	82,666.65
Department of Health and Environment	1,011,839.67	931,087.36
Highway Patrol	0.00	277,241.25
Department of Human Resources	48,207.94	42,017.44
Consumer Credit Commissioner	1,454.68	1,379.62
Department of Revenue	162,291.62	100,766.30
Savings and Loan Department	39,094.20	38,439.80
Secretary of State	2,230.60	3,095.00
Charges for Technical and Skilled Services Other Than Inspectional:		
Department of Administration	5,373.20	3,490.65
Grain Inspection Department	198,042.88	178,010.52
Department of Health and Environment	479,369.28	364,665.53
Department of Commerce	0.00	0.00
Department of Revenue	4,988.56	9,860.40
Department of Social and Rehabilitation Services	0.00	25.00
Charges for Services in Connection with Corporate, Insurance and Other Organizations:		
Corporation Commission	429.80	258.86
Insurance Department	227,330.24	224,216.22
Secretary of State	744,808.71	781,571.22
Office of the Securities Commissioner	535.00	4,952.00

* New revenue classification for fiscal year 1988.

SCHEDULE "C-I"

STATE GENERAL FUND
Comparative Statement of Operating and Non-Operating Revenue
For the Fiscal Years Ending June 30

	1988	1987
OPERATING REVENUE (Continued)		
AGENCY EARNINGS (Continued)		
Service Charges (Concluded)		
Charges for Clerical Services, Issuance of Certificates and Copies in Agency Offices:		
Department on Aging	3.90	0.00
Board of Agriculture	1,655.18	739.78
Attorney General	312.76	1,809.35
Bank Commissioner	1,107.00	1,536.00
Department of Administration	1,801.66	1,318.20
Fire Marshal	7,177.63	7,465.79
Department of Health and Environment	1,412,064.36	1,254,204.13
Department of Transportation	4,973.77	2,579.84
State Historical Society	546.00	719.00
Department of Human Resources	7.80	99.00
Insurance Department	27,583.50	28,052.50
Legislature	30,372.95	29,574.73
Board of Nursing	7,363.50	5,626.60
Board of Pharmacy	186.80	314.75
Board of Tax Appeals	6,125.00	14,953.16
Department of Revenue	113,017.90	94,816.90
Savings and Loan Department	303.00	214.50
Secretary of State	519,281.07	446,703.76
State Treasurer	265,467.81	260,031.82
Charges for Education and Libraries:		
Board of Agriculture	15.00	0.00
Care and Hospitalization of Persons:		
Larned State Hospital	0.00	41,163.89
Bond Registration Fees and Commissions:		
State Treasurer	399,208.42	350,689.63
Other Miscellaneous Service Charges:		
Commission on Civil Rights	0.00	237.48
Behavioral Sciences Regulatory Board	5,926.00	7,185.00
Department of Administration	0.00	9,563.94
Department of Health and Environment	85,245.06	79,875.03
Historical Society	0.00	5,036.88
Department of Human Resources	0.00	6.00
Board of Pharmacy	1,462.40	1,727.00
Secretary of State	0.00	(20.00)
Department of Social and Rehabilitation Services	12,086.77	19,270.79
Judicial Branch	41,960.00	42,925.00
Total Service Charges	6,970,192.14	6,303,719.64
Licenses, Permits and Registrations:		
Occupational Permits, Registrations and Licenses (Business):		
Board of Abstracters' Examiners	3,250.00	2,820.00
Board of Accountancy	38,898.00	35,621.40
Attorney General - K.B.I.	17,938.50	16,298.50
Board of Barber Examiners	14,999.40	14,378.90
Behavioral Sciences Regulatory Board	37,094.00	20,450.20
State Board of Healing Arts	200,000.00	167,913.80
Board of Cosmetology	53,070.37	50,703.77
Dental Board	23,980.80	23,651.20
Board of Mortuary Arts	27,583.07	24,435.12
Department of Health and Environment	46,950.37	35,506.80
Board of Hearing Aide Dispensors Examiners	2,539.71	2,442.50
Insurance Department	294,775.00	220,475.00
Board of Nursing	119,061.15	107,193.15
Board of Optometry Examiners	4,935.30	6,693.80
Board of Pharmacy	32,037.00	35,537.00
Real Estate Commission	136,050.58	120,713.85
Secretary of State	17,250.00	17,668.00
Department of Social and Rehabilitation Services	15,231.92	5,320.33
Board of Technical Professions	54,344.60	47,447.80
Judicial Branch	20,082.00	13,617.00
Board of Veterinary Examiners	15,860.00	15,662.00
To Engage in Business:		
Corporation Commission	7,184.00	18,570.00
Board of Cosmetology	14,926.38	15,121.34
Emergency Medical Services Board	165.00	0.00
Grain Inspection Department	1,957.16	21,989.48
Department of Health and Environment	930,767.05	924,881.74
Kansas Highway Patrol	14,769.00	14,592.00
Insurance Department	1,720,370.00	1,600,533.00
Consumer Credit Commission	99,122.20	82,426.05
Board of Pharmacy	30,585.25	38,552.85
Department of Revenue	1,224,789.90	837,723.29

SCHEDULE "C-1"

STATE GENERAL FUND
Comparative Statement of Operating and Non-Operating Revenue
For the Fiscal Years Ending June 30

	1988	1987
OPERATING REVENUE (Continued)		
AGENCY EARNINGS (Concluded)		
License, Permits and Registrations (Concluded)		
Savings and Loan Department	120.00	120.00
Secretary of State	3,430.00	15,480.00
Office of the Securities Commissioner	199,465.00	195,048.00
Kansas Water Office	200.00	200.00
Bingo License Application and Registration Fees:		
Department of Revenue	18,425.00	19,075.00
Other Occupational Licenses, Permits and Registrations:		
Corporation Commission	19,097.16	20,070.38
Emergency Medical Services Board	3,256.50	0.00
Highway Patrol	17,530.00	18,999.00
Other Non-Occupational Licenses, Permits and Registrations:		
Department of Revenue	9,141.50	2,639.00
Total Licenses, Permits and Registrations	5,490,931.87	4,810,621.25
Sale of Commodities:		
Manufactured Products:		
Department of Revenue	39,387.08	102,409.79
State Printed Matter and Publications:		
Attorney General	1,853.00	1,443.00
Behavioral Medical Services Board	14.00	0.00
Insurance Department	364.50	458.25
Legislature	497.15	1,275.57
Department of Revenue	254.00	234.50
Savings and Loan Department	20.66	35.00
Secretary of State	318,865.05	552,791.87
Judicial Branch	7,003.14	6,379.42
Salvage, Scrap, Obsolete and Condemned Materials:		
Department of Administration	0.00	12.92
Usable Condemned Equipment:		
Department of Corrections	550.00	377.00
Sale of Meals and Processed Foods:		
Department of Corrections	2,639.05	318.55
Other Sundry Articles and Commodities:		
Adjutant General	0.00	104.65
State Historical Society	0.00	223.55
Kansas Parole Board	0.00	50.00
Kansas Water Office	1,014,483.21	1,045,628.28
Total Sale of Commodities	1,385,930.84	1,711,742.35
Grain Marketing Assesments:		
Corn Marketing Assessment:		
Board of Agriculture	38,200.00	22,740.00
Grain Sorghum Marketing Assessment:		
Board of Agriculture	55,000.00	48,860.00
Soybean Marketing Assessment:		
Board of Agriculture	34,120.00	25,820.00
Total Grain Marketing Assesments	127,320.00	97,420.00
TOTAL AGENCY EARNINGS	13,574,374.85	13,003,503.24
REVENUE FROM THE USE OF MONEY AND PROPERTY		
Investment Income:		
Interest on State Treasury Deposits	25,485,360.51	22,765,510.50
Interest on State Treasury Investments	11,854,020.48	8,575,672.78
Interest on State Agency Investments	0.00	783.61
Interest on Imprest Fund Accounts	504.01	610.86
Interest on Pooled Money Investment Board Loans to State Agencies	3,219,689.06	3,270,333.38
*Interest on State General Fund Loans to State Agencies	144,244.24	0.00
Other Interest, Dividends, Premiums and Discounts	15,276.45	10,961.92
Rents and Royalties:		
Halls and Rooms in State Buildings	26,668.05	39,807.19
Oil, Gas, Mineral Sand Royalties	694,278.22	928,559.66
Other Rents and Royalties	1,190.83	1,717.18
TOTAL REVENUE FROM THE USE OF MONEY AND PROPERTY	41,441,231.85	35,593,957.08

* New revenue classification for fiscal year 1988.

SCHEDULE "C-I"

STATE GENERAL FUND
Comparative Statement of Operating and Non-Operating Revenue
For the Fiscal Years Ending June 30

	1988	1987
OPERATING REVENUE (Concluded)		
GIFTS, DONATIONS AND GRANTS		
Federal Grants	17,254.95	8,148.21
All Other Grants, Gifts, Donations and Contributions	2,814.14	10.00
TOTAL GIFTS, DONATIONS AND GRANTS	20,069.09	8,158.21
OTHER OPERATING REVENUE		
Workers Compensation Division Assessments	200,000.00	200,000.00
District Court Clerks Fees	8,786,882.37	8,727,043.55
Fines, Penalties and Forfeitures - District Courts	7,984,529.92	7,949,987.55
Investment Income on District Court Accounts	374,803.31	342,331.36
Other Fines, Penalties and Forfeitures	544,958.82	283,096.99
Unclaimed Property Receipts	1,672,307.88	1,330,736.12
Other Miscellaneous Revenue	21,295.73	17,435.28
TOTAL OTHER OPERATING REVENUE	19,584,778.03	18,850,640.85
GROSS OPERATING REVENUE	2,160,867,010.35	1,828,784,207.99
NON-OPERATING REVENUE		
RECEIPTS FROM CONVERSION OF ACSETS		
Sale of Land, Buildings, and Other Real Estate	19,436.00	0.00
Other Asset Conversions	0.00	0.00
TOTAL RECEIPTS FROM CONVERSION OF ASSETS	19,436.00	0.00
REIMBURSEMENTS AND REFUNDS		
Recovery of Current Fiscal Year Expenditures	490,464.57	466,470.44
Refund of Advances for Petty Cash Funds	51.89	0.00
Refund of Advances for Imprest Funds	100.00	0.00
Other Refund of Advances	738.08	4,000.00
Other Reimbursements and Refunds	336,994.97	20,352.00
TOTAL REIMBURSEMENTS AND REFUNDS	828,349.51	490,822.44
REVENUE TRANSFERS (See Sched. C-III for Details)	(48,684,198.82)	(50,891,023.07)
OTHER NON-REVENUE RECEIPTS		
Recovery of Prior Fiscal Year Expenditures	45,982.94	146,503.79
Other Non-Revenue Receipts	1,641.85	12,067.46
TOTAL OTHER NON-REVENUE RECEIPTS	47,624.79	158,571.25
GROSS NON-OPERATING REVENUE	(47,788,788.52)	(50,241,629.38)
GROSS REVENUE	$ 2,113,078,221.83	$ 1,778,542,578.61

SCHEDULE "C-1I

STATE GENERAL FUND
Comparative Statement of Operating and Non-Operating Expenditures
For the Fiscal Years Ending June 30

OPERATING EXPENDITURES		1988		1987
SALARIES AND WAGES				
Classified Employees	$	251,624,565.33	$	229,707,011.56
Unclassified Employees		210,478,733.71		194,571,668.51
Student Employees:				
Graduate Teaching Assistants (Monthly)		5,963,546.96		5,013,797.17
Student Research Assistants (Monthly)		2,402,216.73		1,778,503.00
Other Students (Monthly)		1,719,496.55		1,230,237.31
Student Employees (Hourly)		6,149,010.75		6,905,466.02
Patient Employees		272,405.20		146,274.23
Special Payments:				
Kansas National Guard Service Pay		7,916.19		46,299.11
Legislators' Compensation		1,199,282.70		1,051,923.21
Legislative Allowances		889,269.36		888,074.18
Pensions and Retirement Salaries and Wages:				
Classified Pensions and Retirement Salaries and Wages		579.02		1,032.66
Unclassified Pensions and Retirement Salaries and Wages		7,952.66		8,342.16
Other Employee Compensation:				
Work Improvement Suggestion Awards		5,162.77		1,012.34
Salary Advances		60.64		703.65
State Pension Fund Contributions:				
Public Employees Retirement System Contributions		7,587,557.92		8,674,149.06
Teachers Retirement Contributions KPERS		13,645.96		20,727.88
Educational Institutions Employees Retirement System Contributions		10,101,047.83		7,879,120.78
Educational Institutions Public Employees Retirement System Contributions (Prior Service Credits)		871,639.35		863,162.65
Educational Institutions TIAA-CREF Employees Group Life and Disability Insurance Contributions		785,932.46		721,463.41
Judges Retirement Fund Contributions		593,164.31		755,189.73
Correctional Officers Retirement Contributions		1,210,123.18		1,095,037.98
Police and Firemen's Retirement System Contributions - Highway Patrol		1,164,681.82		1,627,528.99
Police and Firemen's Retirement System Contributions - KBI		179,273.76		263,473.36
Other Employer Payroll Contributions:				
Federal OASDHI Contributions		30,537,479.02		27,900,251.44
Group Health and Hospitalization Insurance		21,274,929.08		16,924,447.39
State Workers' Compensation Contributions		4,001,952.45		3,067,063.94
State Unemployment Compensation Tax		444,848.44		410,272.55
TOTAL SALARIES AND WAGES		559,486,474.15		511,552,234.27
CONTRACTUAL SERVICES				
Communications:				
Postage		3,183,797.73		1,993,588.22
Telephone Service, Local Exchange Only, Direct Paid Vendor		0.00		1,470,440.61
*Commercial Local Communication Service		643,844.44		0.00
Telephone, Long Distance(Non-KANS-A-N)&Telegram Vendor Paid		0.00		51,364.88
*Commercial Long Distance Service		131,789.29		0.00
Private Line Voice/Data Transmission/Comm. Equip & Services		0.00		690,689.69
*Other Commercial Communication Service		652,648.23		0.00
Intergovernmental Voice/Data Service, Local, State Agy Paid		0.00		2,008,665.08
*Intergovernmental Local Communication Service		3,185,160.33		0.00
Intergovernmental Postage Payments		2,150,009.57		1,660,435.95
Intergovernmental Telephone & Telegraph, Commercial Long Distance - State		0.00		315,847.90
*Intergovernmental Long Distance Communication Services		3,655,016.5[illegible]		0.00
Intergovernmental Telephone&Telegraph, (KANS-A-N) State		0.00		4,067,463.08
*Other Intergovernmental Communication Services		715,046.83		0.00
Other Communications		100,459.23		72,444.52
Freight and Express:				
Freight		59,784.56		41,895.68
Moving of Agency Offices		40,193.32		18,004.20
Employees' Personal Effects, In-State		49,222.29		32,336.03
Employees' Personal Effects, Out-of-State		56,784.43		12,567.86
Package Delivery Services		207,805.54		188,059.85
Other Freight and Express		13,706.61		6,735.11
Printing, Duplicating and Advertising:				
Printing and Binding (Payments to State Facilities Only)		3,225,539.58		3,096,706.64
Duplicating, Blue-Printing and Reproducing		1,190,686.19		983,640.04
Advertising (Classified and Legal)		646,011.99		411,388.98
Other Vendor Printing and Binding		174,370.26		191,617.88
Rental of Property and Equipment:				
Rent of Reprographic Equipment		791,492.35		742,971.37
Rent of Space in Buildings		2,994,664.98		2,611,596.43
Rent of Equipment		272,808.66		258,020.94
Rent of Land		147,637.27		115,498.79
Rent of Computer System Equipment		91,591.37		33,854.61
Rental of Information Processing Equipment		106,555.19		160,346.85

* New expenditure classification for fiscal year 1988.

STATE GENERAL FUND
Comparative Statement of Operating and Non-Operating Expenditures
For the Fiscal Years Ending June 30

SCHEDULE "C-II"-Continued

	1988	1987
OPERATING EXPENDITURES (Continued)		
CONTRACTUAL SERVICES (Concluded)		
Rental of Property and Equipment (Concluded):		
Rental of Computer or Information Processing Software	72,538.64	37,665.60
Intergovernmental Rent of Space in Buildings	5,827,621.87	5,583,536.82
Other Rent	1,364,906.63	1,211,465.95
Repairing and Servicing:		
Passenger Cars	119,950.52	253,958.61
Other Self-Propelled Equipment	177,297.27	301,382.30
Machinery and Equipment (Except Self-Propelled) and Furniture and Fixtures	1,833,235.61	1,612,911.18
Buildings and Grounds	3,160,867.46	3,669,945.75
Computer Systems Equipment	284,248.01	250,424.87
Information Processing, Microcomputer Systems and Data Communications Equipment	667,880.52	638,062.79
Computer Systems and Information Processing Equipment Software	93,507.33	66,871.71
Repairing and Servicing Not Otherwise Classified	319,410.25	123,500.50
In-State Travel and Subsistence:		
**Private Car Mileage	2,059,956.20	1,553,818.14
**Hire of Passenger Cars, Airplanes and Buses	276,998.37	287,908.44
**State Car Expense	260,189.67	206,955.75
**Central Motor Pool Vehicle Operating Charge	1,414,587.24	1,164,924.90
**Subsistence and Meals - IRS Reportable	1,482,622.20	1,385,142.01
*Central Motor Pool Capital Charge	227,115.81	0.00
**Railroad, Airplane and Bus Fares (Including Pullman)	39,764.55	470,191.94
**Subsistence (Meals and Lodging)	1,407,679.12	1,844,368.32
**Nonsubsistence Items	274,965.15	426,612.70
Out-of-State Travel and Subsistence:		
**Private Car Mileage	99,876.80	0.00
**Hire of Passenger Cars, Airplanes and Buses	106,552.83	0.00
**State Car Expense	10,037.79	0.00
**Central Motor Pool Vehicle Operating Charge	3,748.33	0.00
**Subsistence and Meals - IRS Reportable	877.38	0.00
*Central Motor Pool Capital Charge	773.08	0.00
**Railroad, Airplane and Bus Fares (Including Pullman)	554,369.96	0.00
**Subsistence (Meals and Lodging)	817,169.54	0.00
**Nonsubsistence Items	329,324.96	0.00
Fees-Other Services:		
Recruitment Expenses (Out-of-State Applicants)	233,136.40	187,940.50
Honorariums	170,911.76	130,287.32
Data Processing Services	15,923,795.61	14,003,083.91
Recording Fees, Servicing Fees and Court Costs	19,811.97	18,775.72
Laboratory Fees	285,511.69	256,926.89
Tuition for Employees and Students	111,965.40	73,982.47
Boarding Room Payments	71.72	0.00
Maintenance and Tuition for Rehabilitation Clients	1,322,782.14	1,206,487.33
Other Fees	7,595,241.60	5,647,222.47
Fees-Professional Services:		
Architects and Engineers	714,266.01	1,079,629.83
Attorneys and Lawyers	2,498,177.69	2,713,793.58
Physicians and Medical Associations	1,614,557.59	1,469,745.45
Hospitals and Nursing Homes	1,846,642.89	2,214,016.30
Advertising Agencies	683,897.23	687,610.52
Veterinarians	32,068.54	51,039.02
Lecturers, Speakers and Entertainers	100,326.38	91,281.30
Accountants and Auditors	303,631.70	236,787.53
Other Professional Fees	11,355,752.44	8,609,093.03
Public Utility Service (Except Telephone and Telegraph):		
Electricity	16,672,592.82	17,912,373.44
Natural Gas	7,721,067.66	7,091,989.95
Steam	152,622.59	119,163.00
Water	1,251,325.25	1,148,388.55
Sewage Charges	863,381.16	753,744.26
Solid Waste Charges	377,432.00	446,909.52
Other Utilities	11,910.42	661.72
Other Contractual Services:		
Dues, Memberships and Subscriptions	3,710,602.51	3,519,232.22
Laundry, Dry Cleaning and Towel Service	100,744.19	85,530.64
Ward and Prisoner Incentive Earnings	716,671.38	623,201.65
Recreation and Entertainment	13,420.58	14,501.19
Rewards, Premiums, Bounties (Non-Employee)	23,744.01	9,962.02
Surety Bond and Insurance Premiums	1,224,576.26	988,822.49
Official Hospitality	179,966.01	164,031.88
Employee Non-Cash Awards	791.59	0.00
Other Contractual Services	3,242,399.58	3,015,323.85
TOTAL CONTRACTUAL SERVICES	128,856,177.38	116,897,369.02

* New expenditure classification for fiscal year 1988.

** Out-of-State Travel and Subsistence is a new expenditure classification for fiscal year 1988. This was previously included with the In-State Travel and Subsistence.

SCHEDULE "C-II"--Continued

STATE GENERAL FUND
Comparative Statement of Operating and Non-Operating Expenditures
For the Fiscal Years Ending June 3

OPERATING EXPENDITURES (Continued)	1988	1987
COMMODITIES		
Clothing	1,691,740.92	1,236,666.71
Feed and Forage	129,054.24	100,988.05
Food for Human Consumption	7,446,859.92	6,758,184.33
Fuel (Other than for Motor Vehicle):		
Coal and Coke	0.00	0.00
Fuel, Oil, Diesel and Kerosene	504,460.78	662,062.34
Liquid Propane Gas and Butane	19,911.42	18,414.22
Other Fuel	263.60	56.10
Maintenance and Construction Materials, Supplies and Parts:		
Materials and Supplies for Buildings	2,711,164.65	2,311,165.31
Highway and Bridge Materials and Supplies	95,054.19	2,910.93
Computer System Parts Replacement and Repair	61,491.13	58,917.74
Other Equipment Parts, Material and Supplies	1,678,509.53	1,059,604.34
Motor Vehicle Parts, Supplies and Accessories:		
Gasoline	531,773.62	643,785.93
Diesel Fuel	28,590.06	24,994.12
Gasohol	1,485.81	833.99
Liquefied Petroleum, Butane, Natural Gas	969.63	127.45
Aircraft Fuel	83,376.52	104,809.83
Motor Oil	35,070.62	23,511.19
Other Parts, Supplies and Accessories	547,238.11	446,767.10
Professional and Scientific Supplies and Materials:		
Drugs and Pharmaceuticals	1,883,004.75	1,317,739.18
Animal Drugs	97,310.10	42,637.70
Other Professional Scientific Supplies and Materials	3,380,507.13	2,846,250.50
Stationery, Office and Data Processing Supplies:		
Stationery and Office Supplies	3,619,418.03	3,129,736.15
Data Processing Supplies	762,776.07	703,431.97
Telecommunications Termination Equipment	17,704.08	18,319.14
Research Supplies and Materials	21,180.37	30,427.09
Other Supplies, Materials and Parts:		
Agricultural Supplies (Other than Feed and Forage), Materials and Parts	455,059.13	268,344.70
Household, Laundry and Kitchen Supplies and Materials	2,749,163.46	2,220,841.20
Power Plant Supplies	308,804.84	243,575.36
Recreation Supplies and Materials	174,539.28	163,031.90
Small Tools	229,965.85	149,729.18
Supplies Used in Manufacturing and Printing (For Resale)	184,905.10	65,325.62
Commodities Purchased for Resale to Using Departments	4,055.26	15,556.01
Other Supplies, Materials and Parts	324,451.76	224,049.54
TOTAL COMMODITIES	29,779,859.96	24,892,794.92
CAPITAL OUTLAY		
Equipment, Machinery, Furniture and Fixtures:		
Agricultural Equipment and Machinery	163,878.82	85,530.66
Household, Laundry and Kitchen Equipment and Furniture	433,295.33	429,585.33
Office Furniture, Fixtures and Equipment	1,357,239.23	1,077,748.35
Professional and Scientific Equipment	2,653,955.89	2,267,136.75
Passenger Cars	2,022,510.46	1,118,151.27
Trucks and Other Self-Propelled Equipment	584,393.52	481,043.25
Shop and Plant Maintenance Equipment	203,502.36	219,920.67
Other Equipment, Machinery, Furniture and Fixtures	227,761.90	171,342.71
Livestock	144,773.40	40,339.33
Books and Library Materials	2,272,062.67	2,469,826.67
Reprographic Equipment	296,111.91	177,291.26
Computer Systems Equipment and Software:		
Microcomputer Systems and Support Equipment	2,055,951.46	1,905,635.41
Computer Systems Equipment	2,517,466.90	834,178.85
Information Processing Equipment	470,063.36	797,289.35
Information Processing or Microcomputer Systems Software	487,009.45	434,271.73
Buildings and Improvements	5,337,166.19	6,857,240.51
Land and Interest in Land:		
Land and Interest in Land	23,000.00	0.00
Assessments for Improvements	14,411.23	104.90
Land Nonstructural Improvements	251,156.74	359,595.62
Telecommunications/Data Facilities Equipment (State-Owned):		
Telecommunications Termination Equipment	127,757.54	206,234.87
Telecommunications Switching Equipment	53,399.08	44,511.05
Telecommunications Transmission Equipment	4,513.20	10,183.01
Radio (Portable) Equipment	138,519.48	40,942.16
Radio (Fixed) Equipment	19,241.50	192.47
Data Communications Equipment	22,496.95	16,553.95
Equipment Purchases for Non-State Use:		
Equipment Purchases for Rehabilitation Clients	109,389.16	97,243.89
Other Capital Outlay:		
Other Books and Library Material	69,110.15	47,473.44
Other Fixed and Moveable Property	278,309.06	177,538.69
TOTAL CAPITAL OUTLAY	22,338,526.94	20,367,106.05

STATE GENERAL FUND
Comparative Statement of Operating and Non-Operating Expenditures
For the Fiscal Years Ending June 30

SCHEDULE "C-II"-Concluded

	1988	1987
OPERATING EXPENDITURES (Concluded)		
GRANTS, CLAIMS AND SHARED REVENUE		
State Aid Payments:		
State Aid to Counties, Cities, Districts, Public Schools and Other Local Units	672,713,084.45	642,518,600.37
School District Employees Retirement Contributions	48,209,689.58	32,607,232.28
State Aid to Qualified Non-State Organizations	9,375,879.75	9,009,674.87
State Aid to Other State Agencies	237,725.52	167,556.71
Claims:		
Death Claims	4,518.96	4,518.96
Personal Injury Claims	10,097.20	1,013.30
Property Damage or Loss Claims	21,246.18	11,110.15
Workmen's Compensation Claims	0.00	9,000.00
Civil Rights Conciliation Claims	6,721.70	5,212.25
Prompt Payment Act Interest Penalties Other Claims	1,126.22	67.08
Other Claims	44,755.68	1,059,425.00
State Special Grants:		
Direct State Welfare Assistance	208,275,766.48	199,805,847.42
Hospital Residencies and Internships	1,185,673.01	1,274,027.42
Tuition Grants	3,493,369.00	3,634,569.00
Homestead Property Tax Relief	8,588,606.67	6,393,496.04
Other State Special Grants	182,885.43	2,000.00
Scholarship Grants:		
Scholarships, Fellowships and Grants to Students (Reportable on 1099)	50,396.67	22,001.18
Trainee Stipends - Sponsored Instructional Grants	7,121.50	0.00
Scholarships, Fellowships and Grants to Students (Non-Reportable on 1099)	904,927.67	1,303,431.37
Off-Campus Work Study	440,466.18	377,619.65
Other Grants, Claims and Shared Revenue:		
Losses From Monetary Transactions	30.31	156.90
*Royalty Payments	3,156.15	0.00
Agricultural Conservation Program Payments	1,602,532.84	1,332,341.78
Other Grants, Claims and Shared Revenue	152,000.00	2,500.00
TOTAL GRANTS, CLAIMS AND SHARED REVENUE	955,511,777.15	899,541,401.73
GROSS OPERATING EXPENDITURES	1,695,972,815.58	1,573,250,905.99
NON-OPERATING EXPENDITURES		
NON-EXPENSE ITEMS		
Demand Transfer of Revenue (See Schedule C-III for Details)	183,259,622.52	155,844,178.51
Advances:		
Advances	17,500.00	0.00
Advances for Petty Cash Funds	425.00	500.00
Advances for Imprest Funds	26,500.00	12,200.00
Advances for Independent Parcel Delivery Service	0.00	250.00
Temporary Imprest Fund Advance for Payroll	0.00	0.00
Total Advances	44,425.00	12,950.00
Transfers by Disbursement (See Schedule C-III for Details)	1,232,863.90	1,100,845.92
Student Loans:		
Rural Medical Forgiveable Loans	394,913.00	400,000.00
TOTAL NON-EXPENSE ITEMS	184,931,824.42	157,357,974.43
GROSS NON-OPERATING EXPENDITURES	184,931,824.42	157,357,974.43
GROSS EXPENDITURES	$ 1,880,904,640.00	$ 1,730,608,880.42

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* New expenditure classification for fiscal year 1988.

STATE GENERAL FUND
Analysis of Transfers
July 1, 1987 to June 30, 1988

SCHEDULE "C-III"

REVENUE TRANSFERS TO STATE GENERAL FUND FROM:		
State Correctional Institutions Building Fund	$ 1,000,000.00	
Corporation Commision -		
Mined-Land Reclamation Fund	4,814.00	
Crime Victims Reparations Board -		
Crime Victims Reparations Fund	18,180.00	
Department of Administration -		
Cancelled Warrants Payment Fund	264,605.24	
Suspense Fund	4,161.71	
Department of Health and Environment -		
Food Service Inspection Reimbursement Fund	94,922.80	
Debt Service Reserve Fund	22,524.74	
Department of Transportation -		
State Highway Fund	145,000.00	
Highway Patrol -		
State Highway Patrol Fund	3,001.49	
Board of State Fair Managers -		
State Fair Special Cash Fund	100,000.00	
Department of Commerce -		
State Economic Development Initiatives Fund	475,000.00	
Kansas Lottery -		
Lottery Operating Fund	2,699,077.00	
Department of Revenue -		
County Inheritance Tax Fund	5,408.74	
Secretary of State -		
Uniform Commercial Code Fee Fund	200,000.00	
Office of the Securities Commissioner of Kansas -		
Securities Act Fee Fund	1,083,030.86	
Kansas Water Office -		
State Conservation Storage Water Supply Fund	3,134,387.00	
		$ 9,254,113.58
Less: Transfers from State General Fund to:		
State Correctional Institutions Building Fund	1,000,000.00	
Attorney General -		
Board of Polygraphists Fee Fund	12,000.00	
Attorney General's Antitrust Special Reserve Fund	100,000.00	
Tort Claims Fund	412,587.72	
Corporation Commission -		
Energy Grants Management Fund	2,317,214.54	
Department of Administration -		
Property Contingency Fund	23,900.74	
Wichita State Office Building - Principal & Interest Payment	916.35	
Wichita State Office Building - Project Fund	4,633.58	
Certificates of Participation - Clearing Fund	155,841.08	
1986 Certificates of Participation - Lease Payment Fund	21,610.42	
1986 Certificates of Participation - Capitalized Interest Fund	3,429.02	
1987 Certificates of Participation - Clearing Fund	5,185.17	
1987 Certificates of Participation - Lease Payment Fund	14,561.14	
1987 Certificates of Participation - Capitalized Interest Fund	290.62	
State Finance Council -		
State Emergency Fund	106,000.00	
Fort Hays State University -		
Housing System Suspense Fund	3.08	
Sheridan Coliseum Gift Fund	13,184.74	
Health Professions Student Loan Fund	366.65	
National Direct Student Loan Fund	15,008.38	
Department of Health and Environment -		
Hazardous Waste Cleanup Fund	300,000.00	
Special Bequest Fund	28,609.76	
Department of Transportation -		
State Highway Fund	20,806,530.23	
State Freeway Fund	3,291,622.42	
Special City & County Highway Fund	9,813,851.48	
Insurance Department -		
Workers' Compensation Fund	4,000,000.00	
Health Care Stabilization Fund	24,113.43	
Kansas State University -		
Student Coliseum Bond Fee Fund	101,811.12	
Housing System Suspense Fund	139,661.47	
National Direct Student Loan Fund	51,279.21	

STATE GENERAL FUND
Analysis of Transfers
July 1, 1987 to June 30, 1988

SCHEDULE "C-III" - Continued

Less: Transfers from State General Fund to: (Continued)			
Kansas State University - Veterinary Medical Center			
Health Professions Student Loan Fund	13,432.63		
Board of State Fair Managers -			
State Fair Special Cash Fund	100,000.00		
Emporia State University -			
Housing System Suspense Fund	22,430.93		
National Direct Student Loan Fund	25,991.28		
Pittsburg State University -			
Housing System Suspense Fund	41,862.91		
Nursing Student Loan Fund	4,262.61		
National Direct Student Loan Fund	21,041.14		
Lottery Commission -			
Lottery Operating Fund	2,100,000.00		
Department of Corrections -			
Ellsworth Correctional Work Facility-Princ./Int. Pmt	246,537.51		
Ellsworth Correctional Work Facility-Project Fund	473.61		
Racing Commission -			
State Racing Fund	398,598.00		
Racing Applicant Deposit Fund	111,830.67		
Department of Social and Rehabilitation Services -			
Intermediate Care Facilities Revolving Fund	500,000.00		
Adult Care Homes Lawsuit Settlement Fund	9,855,538.87		
Kansas Soldiers Home -			
Benefit and Gift Fund	1,365.89		
University of Kansas -			
Restricted Fees - Andrew W. Mellon Foundation Grant	2,978.19		
US Army Neurotoxin Research Program Grant Fund	72,087.77		
Housing System Operations Fund	400,054.68		
Housing System Suspense Fund	56,240.58		
National Direct Student Loan Fund	41,703.88		
Health Professions Student Loan Fund	8,041.68		
University of Kansas - Kansas City Campus			
National Direct Student Loan Fund	6,036.10		
Health Professions Student Loan Fund-Medical	64,896.77		
Health Professions Student Loan Fund-Nursing	9,607.52		
Animal Research Facility/Debt Service Fund	631,173.08		
Kansas Water Office -			
State Conservation Storage Water Supply Fund	114,367.19		
Water Supply Storage Assurance Fund	248,614.55		
Kansas Department of Wildlife and Parks -			
Forestry, Fish and Game Commission Fee Fund	10,000.00		
Kansas Fish & Game Commission Private Gifts & Donations Fund	4,650.76		
Wichita State University -			
Housing System Suspense Fund	1,038.48		
National Direct Student Loan Fund	57,850.53		
Health Professions Student Loan Fund	1,391.93		
		57,938,312.40	
STATE GENERAL FUND TRANSFERS (SCHEDULE "C-I")		(48,684,198.82)	
DEMAND TRANSFERS OF REVENUE - FROM STATE GENERAL FUND TO:			
Board of State Fair Managers - State Fair Capital Improvements Fund	575,000.00		
State Treasurer - Local Ad Valorem Tax Reduction Fund	30,844,180.53		
Department of Revenue - School District Income Tax Fund	121,707,365.39		
State Treasurer - County and City Revenue Sharing Fund	22,351,798.55		
Department of Revenue - County Inheritance Tax Fund	351,578.05		
Department of Revenue - County Reappraisal Fund	7,429,700.00		
DEMAND TRANSFERS OF REVENUE (Schedule "C-II")		183,259,622.52	
EXPENDITURE TRANSFERS FROM STATE GENERAL FUND TO:			
Kansas Public Employees Retirement System -			
Kansas Public Employees Retirement Fund	25,380.00		(d)
Kansas State University -			
Restricted Fees	50,000.00		(b)
Research Projects Grants Fund	181,373.04		(c)
Pittsburg State University -			
Research Projects Grants Fund	90,974.34		(c)

STATE GENERAL FUND
Analysis of Transfers
July 1, 1987 to June 30, 1988

SCHEDULE "C-III" - Concluded

EXPENDITURE TRANSFERS FROM STATE GENERAL FUND TO: (Continued)			
University of Kansas -			
Restricted Fees	291,991.00	(a)	
Restricted Fees	25,000.00	(b)	
Restricted Fees	12,755.80	(e)	
Research Projects Grants Fund	281,131.98	(c)	
Wichita State University -			
Restricted Fees	25,000.00	(b)	
Research Projects Grants Fund	249,257.74	(c)	
STATE GENERAL FUND EXPENDITURE TRANSFERS (Schedule "C-II")			1,232,863.90

(a) Represents the transfer of funds to the University Press of the University of Kansas as provided for by K.S.A. 76-393.

(b) Represents the transfer from the Board of Regents Distinguished Professors appropriation account to various institutions.

(c) Represents the transfers from the Kansas Technology Enterprise Corporation Kansas Advanced Technology Commission appropriation to various institutions as provided for by K.S.A. 74-8114.

(d) Represents the transfer from the Legislature to the Kansas Public Employees Retirement Fund for benefits paid to certain employees of Legislative agencies during fiscal year 1987 as provided for by K.S.A. 46-1302.

(e) Represents the transfer from the Board of Regents Republic of China Exchange Students Program appropriation account to various institutions.

SECTION III

SPECIAL REVENUE FUNDS

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Comparative Combined Balance Sheet—Exhibit "A" 37

Analysis of Change in Unencumbered Cash Balance—Exhibit "B" 38

Comparative Combined Statement of Revenue and Expenditures—Exhibit "C" 39

Special Revenue Funds

This group or class includes a number of funds representing many separate activities of the state government created by law for specific purposes, usually on a self-supporting basis. Earmarked funds are received from taxes, agency earnings, revenues from the use of money and property, federal grants and other miscellaneous sources. The expenditures are controlled by appropriations, special grants of authority contained in standing laws, or federal laws where federal grants are involved.

EXHIBIT "A"

SPECIAL REVENUE FUNDS
Comparative Combined Balance Sheet
June 30

RECOGNIZED ASSETS	1988	1987
Equity in State Treasurer's Common Cash Fund	$ 218,926,164.55	$ 173,629,830.25
Cash in Agencies' Imprest Funds	417,047.00	369,547.00
Investments - Cost Basis (See Section XII, Note 14)	946,258.13	718,250.29
TOTAL RECOGNIZED ASSETS	$ 220,289,469.68	$ 174,717,627.54
LIABILITIES, OTHER OBLIGATIONS AND FUND BALANCES		
LIABILITIES		
Unredeemed Warrants	36,550,005.51	28,177,761.23
Total Liabilities	36,550,005.51	28,177,761.23
OTHER OBLIGATIONS		
Total Unliquidated Encumbrances	54,323,987.19	32,007,917.93
FUND BALANCES		
Unencumbered Cash Balances of Agency Funds	128,052,171.85	113,444,151.09
Agencies' Imprest Funds	417,047.00	369,547.00
Invested Balances - Cost Basis (See Section XII, Note 14)	946,258.13	718,250.29
Total Fund Balances	129,415,476.98	114,531,948.38
TOTAL LIABILITIES, OTHER OBLIGATIONS AND FUND BALANCES	$ 220,289,469.68	$ 174,717,627.54

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

EXHIBIT "B"

SPECIAL REVENUE FUNDS
Analysis of Changes in Unencumbered Cash Balance
July 1, 1987 to June 30, 1988

AMOUNTS AVAILABLE FOR EXPENDITURE:		
Unencumbered Cash Balance at July 1, 1987	$ 113,444,151.09	
Encumbrances Outstanding at July 1, 1987	32,007,917.93	
Subtotal	145,452,069.02	
Revenue Fiscal Year 1988	1,213,742,315.42	
TOTAL AVAILABLE		$ 1,359,194,384.44
AMOUNTS EXPENDED AND ENCUMBERED:		
Expenditures Fiscal Year 1988	1,176,818,225.40	
Encumbrances Outstanding at June 30, 1988		
Firm Obligations	20,143,440.13	
Contingent Obligations	34,180,547.06	
TOTAL EXPENDED AND ENCUMBERED		1,231,142,212.59
UNENCUMBERED CASH BALANCE AT JUNE 30, 1988*		$ 128,052,171.85

* This balance does not include Agencies' Imprest Funds held in local bank accounts, nor Investments on a cost basis. The amounts for these items are shown in Exhibit "A".

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

EXHIBIT "C"

SPECIAL REVENUE FUNDS
Comparative Combined Statement of Revenue and Expenditures
For the Fiscal Years Ending June 30

	1988	1987
OPERATING REVENUE		
Taxes	$ 5,057,191.83	$ 3,011,950.96
Agency Earnings	341,763,686.90	277,043,182.27
Revenue from the Use of Money and Property	5,040,818.41	4,750,841.40
Gifts, Donations and Grants	646,574,638.42	610,785,100.59
Other Operating Revenue	4,744,641.48	3,734,959.39
GROSS OPERATING REVENUE	1,003,180,977.04	899,326,034.61
OPERATING EXPENDITURES		
Salaries and Wages	358,355,022.67	361,430,872.05
Contractual Services	138,896,058.70	120,220,487.26
Commodities	51,650,502.50	49,738,394.18
Capital Outlay	28,904,761.55	27,893,881.01
Grants, Claims, Shared Revenue and Debt Service	516,222,167.90	449,855,257.31
GROSS OPERATING EXPENDITURES	1,094,028,513.32	1,009,138,891.81
Excess of Operating Expenditures Over Operating Revenue	90,847,536.28	109,812,857.20
GROSS NON-OPERATING REVENUE	210,561,338.38	180,067,428.43
GROSS NON-OPERATING EXPENDITURES	82,789,712.08	62,129,532.11
Excess of Non-Operating Revenue Over Non-Operating Expenditures	127,771,626.30	117,937,896.32
EXCESS OF REVENUE OVER EXPENDITURES	$ 36,924,090.02	$ 8,125,039.12

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

GREAT SEAL OF THE STATE OF KANSAS
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SECTION IV

HIGHWAY FUNDS

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Analysis of Change in Unencumbered Cash Balance—Exhibit "B" 44

Comparative Combined Statement of Revenue and Expenditures—Exhibit "C" 45

Highway Funds

Revenues received by funds in this class are restricted by laws to financing the activities of the Department of Transportation, in constructing, reconstructing and maintaining a state system of highways. They also include some funds that are distributed to local political subdivisions for use on roads and streets.

EXHIBIT "A"

HIGHWAY FUNDS
Comparative Combined Balance Sheet
June 30

	1988	1987
RECOGNIZED ASSETS		
Equity in State Treasurer's Common Cash Fund	$ 93,474,258.18	$ 108,292,809.27
Cash in Agency Imprest Fund	2,000.00	2,000.00
Cash with Banks for Purchase of Investments (Section XII, Note 14)	0.00	7,807,709.38
Investments - Cost Basis (See Section XII, Note 14)	85,684,071.75	105,455,939.44
TOTAL RECOGNIZED ASSETS	$ 179,160,329.93	$ 221,558,458.09
LIABILITIES, OTHER OBLIGATIONS AND FUND BALANCES		
LIABILITIES		
Unredeemed Warrants	$ 28,777,711.33	$ 25,742,724.11
Total Liabilities	28,777,711.33	25,742,724.11
OTHER OBLIGATIONS		
Unliquidated Encumbrances	214,945,453.15	305,959,993.92
FUND BALANCES		
Unencumbered Cash Balances of Agency Funds *	(150,248,906.30)	(223,409,908.76)
Agency Imprest Funds	2,000.00	2,000.00
Cash in Banks for Purchase of Investments (Section XII, Note 14)	0.00	7,807,709.38
Invested Balances - Cost Basis (See Section XII, Note 14)	85,684,071.75	105,455,939.44
Total Fund Balances	(64,562,834.55)	(110,144,259.94)
TOTAL LIABILITIES, OTHER OBLIGATIONS AND FUND BALANCES **	$ 179,160,329.93	$ 221,558,458.09

* Under the Highway Construction Program, a number of contracts have been let by the Department of Transportation based on anticipated revenue primarily in the form of matching federal highway construction funds to be received from the Bureau of Public Roads. This revenue is expected to be received by the State in time to meet the cash requirements as obligations become due.

** The Secretary of Transportation is authorized by statute to contract with the Kansas Turnpike Authority to pay from the State Highway Fund such amounts as shall be required to make up any deficiency in the revenues received from the operation and ownership of a turnpike project.

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

EXHIBIT "B"

HIGHWAY FUNDS
Analysis of Change in Unencumbered Cash Balance
July 1, 1987 to June 30, 1988

AMOUNTS AVAILABLE FOR EXPENDITURE:		
Unencumbered Cash Balance at July 1, 1987	$ (223,409,908.76)	
Encumbrances Outstanding at July 1, 1987	305,959,993.92	
Subtotal	82,550,085.16	
Revenue Fiscal Year 1988	466,691,076.69	
TOTAL AVAILABLE		549,241,161.85
AMOUNTS EXPENDED AND ENCUMBERED:		
Expenditures Fiscal Year 1988	484,544,615.00	
Encumbrances Outstanding at June 30, 1988		
Firm Obligations	14,668,966.46	
Contingent Obligations	200,276,486.69	
TOTAL EXPENDED AND ENCUMBERED		699,490,068.15
UNENCUMBERED CASH BALANCE AT JUNE 30, 1988 *		$ (150,248,906.30)

* Under the Highway Construction Program, a number of contracts have been let by the Department of Transportation based on anticipated revenue primarily in the form of matching federal highway construction funds to be received from the Bureau of Public Roads. This revenue is expected to be received by the State in time to meet the cash requirements as obligations become due.

This balance does not include Investments, Cash with banks for the Purchase of Investments, nor the Agency Imprest Fund. The amounts for these items are shown in Exhibit "A".

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

EXHIBIT "C"

HIGHWAY FUNDS
Comparative Combined Statement of Revenue and Expenditures
For the Fiscal Years Ending June 30

	1988	1987
OPERATING REVENUE		
Taxes	$ 241,280,577.84	$ 225,572,394.00
Agency Earnings	5,151,437.26	5,169,624.15
Revenue from the Use of Money and Property	9,547,728.58	10,097,817.52
Gifts, Donations and Grants	197,566,606.35	200,511,828.11
Other Operating Revenue	33,858.73	11,354.02
GROSS OPERATING REVENUE	453,580,208.76	441,363,017.80
OPERATING EXPENDITURES		
Salaries and Wages	78,611,149.79	78,276,424.05
Contractual Services	26,900,471.02	27,524,798.76
Commodities	20,384,007.50	19,351,280.54
Capital Outlay	273,799,200.46	279,649,744.12
Grants, Claims, Shared Revenue and Debt Service	99,425,451.00	91,497,197.24
GROSS OPERATING EXPENDITURES	499,120,279.77	496,299,444.71
Excess of Operating Expenditures Over Operating Revenue	45,540,071.01	54,936,426.91
GROSS NON-OPERATING REVENUE	13,110,867.93	28,484,932.12
GROSS NON-OPERATING EXPENDITURES	(14,575,664.77)	(10,193,042.41)
Excess of Non-Operating Revenue Over Non-Operating Expenditures	27,686,532.70	38,677,974.53
EXCESS OF EXPENDITURES OVER REVENUE	$ 17,853,538.31	$ 16,258,452.38

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

SECTION V

CAPITAL PROJECTS FUNDS

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Comparison of Resources Available for Appropriation—Schedule "A-1" 50

Analysis of Change in Unencumbered Cash Balance—Exhibit "B" 52

Comparative Combined Statement of Revenue and Expenditures—Exhibit "C" 53

Capital Projects Funds

This class includes funds where the resources come from the sale of bonds and ad valorem tax levies dedicated to the Kansas Educational Building Fund, the State Institutions Building Fund and the Correctional Institutions Building Fund. These funds are used in the construction and equipping of educational classrooms, treatment and correctional institutional facilities. Included in this class are funds established in conjunction with the issuance of such bonds as debt service and facilities and maintenance reserve funds. Funds not included in this class are monies derived from the sale of bonds for highway construction and enterprise facilities and monies raised through special assessments.

EXHIBIT "A"

CAPITAL PROJECTS FUNDS
Comparative Combined Balance Sheet
June 30

	Detail of 1988					
	Kansas Educational Building Fund	State Institutions Building Fund	Correctional Institutions Building Fund	Other Capital Projects Funds	1988	1987
RECOGNIZED ASSETS						
Equity in State Treasurer's Common Cash Fund	$ 7,674,082.67	$4,871,335.84	$3,580,424.48	$10,908,220.40	$ 27,034,063.39	$ 26,768,538.78
Investments - Cost Basis (See Section XII, Note 14)	0.00	0.00	0.00	18,534,195.89	18,534,195.89	15,160,269.99
Cash with Banks for Purchase of Investments (See Section XII, Note 14)	0.00	0.00	0.00	101,920.71	101,920.71	354,662.07
Ad Valorem Taxes Due from County Treasurers	5,086,940.64	1,607,745.92	957,389.30	0.00	7,652,075.86	7,355,258.85
TOTAL RECOGNIZED ASSETS	$12,761,023.31	$6,479,081.76	$4,537,813.78	$29,544,337.00	$ 53,322,255.85	$ 49,638,729.69
LIABILITIES, OTHER OBLIGATIONS AND BALANCES						
LIABILITIES						
Unredeemed Warrants	$ 682,467.34	$ 341,709.71	$ 92,123.73	$ 480,969.64	$ 1,597,270.42	$ 1,387,615.87
Total Liabilities	682,467.34	341,709.71	92,123.73	480,969.64	1,597,270.42	1,387,615.87
OTHER OBLIGATIONS						
Total Unliquidated Encumbrances	3,973,733.94	2,040,644.68	920,014.76	6,322,662.05	13,257,055.43	7,389,761.84
Unencumbered Balance of Appropriations Reappropriated	2,044,910.85	1,803,640.53	1,995,629.37	0.00	5,844,180.75	4,832,779.69
Total Other Obligations	6,018,644.79	3,844,285.21	2,915,644.13	6,322,662.05	19,101,236.18	12,222,541.53
FUND AND AVAILABLE BALANCES						
Unencumbered Cash Balance Available to Finance Appropriations	972,970.54	685,340.92	572,656.62	0.00	2,230,968.08	6,366,992.66
Unencumbered Cash Balance of Agency Funds	0.00	0.00	0.00	4,104,588.71	4,104,588.71	6,791,388.72
Invested Balances - Cost Basis (See Section XII, Note 14)	0.00	0.00	0.00	18,534,195.89	18,534,195.89	15,160,269.99
Cash with Banks for Purchase of Investments (See Section XII, Note 14)	0.00	0.00	0.00	101,920.71	101,920.71	354,662.07
Taxes Due from County Treasurers (Deferred Revenue)	5,086,940.64	1,607,745.92	957,389.30	0.00	7,652,075.86	7,355,258.85
Total Fund and Available Balances	6,059,911.18	2,293,086.84	1,530,045.92	22,740,705.31	32,623,749.25	36,028,572.29
TOTAL LIABILITIES, OTHER OBLIGATIONS AND AVAILABLE BALANCES	$12,761,023.31	$6,479,081.76	$4,537,813.78	$29,544,337.00	$ 53,322,255.85	$ 49,638,729.69

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

SCHEDULE "A-I"

CAPITAL PROJECTS FUND
Comparison of Resources Available for Appropriation
For the Fiscal Years Ending June 30

	Kansas Educational Building Fund			
	1988		1987	
Unencumbered Cash Balance for Appropriations at Beginning of Year	$ 4,848,265.23		$ 3,873,648.12	
Add Prior Years' Appropriations Reappropriated	2,096,358.42		2,925,490.67	
Add Difference Between Prior Years' Encumbrances and Expenditures Charged to Those Encumbrances	77,217.93		54,727.18	
Adjusted Unencumbered Cash Balance at Beginning of Year		7,021,841.58		6,853,865.97
Difference Between Current Year Revenue and Current Year Charges:				
Current Year Revenue	12,992,902.27		12,989,753.52	
Current Year Charges:				
Expenditures	16,384,409.05		12,886,913.44	
Less Expenditures Charged to Prior Years' Encumbrances	2,956,569.07		3,184,914.21	
Expenditures Chargeable to Current Year's Appropriations	13,427,839.98		9,701,999.23	
Add Unliquidated Encumbrances Chargeable to Current Year's Appropriations	3,569,022.48		3,196,996.61	
Current Year Charges Against Current Year Appropriations	16,996,862.46		12,898,995.84	
Add Excess of Current Year Revenue Over Current Year Charges				90,757.68
Less Excess of Current Year Charges Over Current Year Revenue		4,003,960.19		
Unencumbered Cash Balance, June 30		3,017,881.39		6,944,623.65
Less Unencumbered Appropriations:				
Fiscal Year Appropriations	16,930,900.00		14,405,000.00	
Reappropriations of Unencumbered Balance of Preceding Fiscal Year's Legislative Reappropriations	2,096,358.42		2,925,490.67	
Add Adjustments to Preceding Fiscal Year's Reappropriations	0.00		0.00	
Total Appropriations and Reappropriations (Adjusted)	19,027,258.42		17,330,490.67	
Add Difference Between Prior Years' Encumbrances and Expenditures Charged to Those Encumbrances	77,217.93		54,727.18	
Total	19,104,476.35		17,385,217.85	
Less Charges Against Current Appropriations	16,996,862.46		12,898,995.84	
Unencumbered Balance of Appropriations	2,107,613.89		4,486,222.01	
Less Appropriations Lapsed By Legislative Session	62,703.04		2,389,863.59	
Unencumbered Balance of Appropriations Reappropriated		2,044,910.85		2,096,358.42
Unencumbered Cash Balance Available to Finance Succeeding Fiscal Year Appropriations		$ 972,970.54		$ 4,848,265.23

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

State Institutions Building Fund				Correctional Institutions Building Fund			
1988		1987		1988		1987	
$ 1,282,343.56		$ 1,805,148.74		$ 236,383.87		$ 412.37	
2,735,123.18		2,354,275.84		1,298.09		39,000.00	
15,720.47		24,247.72		0.00		0.00	
	4,033,187.21		4,183,672.30		237,681.96		39,412.37
3,254,176.22		4,255,366.26		4,056,755.75		2,235,971.50	
3,812,154.46		5,728,692.09		1,087,196.96		1,756,641.91	
1,015,071.74		2,265,432.45		281,060.00		0.00	
2,797,082.72		3,463,259.64		806,136.96		1,756,641.91	
2,001,299.26		958,312.18		920,014.76		281,060.00	
4,798,381.98		4,421,571.82		1,726,151.72		2,037,701.91	
					2,330,604.03		198,269.59
	1,544,205.76		166,205.56				
	2,488,981.45		4,017,466.74		2,568,285.99		237,681.96
4,071,738.00		4,930,239.00		3,720,483.00		2,000,000.00	
2,735,123.18		2,354,275.84		1,298.09		39,000.00	
0.00		35,237.00		0.00		0.00	
6,806,861.18		7,319,751.84		3,721,781.09		2,039,000.00	
15,720.47		24,247.72		0.00		0.00	
6,822,581.65		7,343,999.56		3,721,781.09		2,039,000.00	
4,798,381.98		4,421,571.82		1,726,151.72		2,037,701.91	
2,024,199.67		2,922,427.74		1,995,629.37		1,298.09	
220,559.14		187,304.56		0.00		0.00	
	1,803,640.53		2,735,123.18		1,995,629.37		1,298.09
	$ 685,340.92		$ 1,282,343.56		$ 572,656.62		$ 236,383.87

EXHIBIT "B"

CAPITAL PROJECTS FUNDS
Analysis of Changes in Unencumbered Cash Balance
July 1, 1987 to June 30, 1988

	Detail of 1988				
	Kansas Educational Building Fund	State Institutions Building Fund	Correctional Institutions Building Fund	Other Capital Projects Funds	Total
AMOUNTS AVAILABLE FOR EXPENDITURE:					
Unencumbered Cash Balance at July 1, 1987	$ 6,944,623.65	$ 4,017,466.74	$ 237,681.96	$ 6,791,388.72	$ 17,991,161.07
Encumbrances Outstanding at July 1, 1987	3,438,499.26	1,070,137.63	281,060.00	2,600,064.95	7,389,761.84
Subtotal	10,383,122.91	5,087,604.37	518,741.96	9,391,453.67	25,380,922.91
Revenue Fiscal Year 1988	12,992,902.27	3,254,176.22	4,056,755.75	54,737,268.93	75,041,103.17
TOTAL AVAILABLE	23,376,025.18	8,341,780.59	4,575,497.71	64,128,722.60	100,422,026.08
AMOUNTS EXPENDED AND ENCUMBERED:					
Expenditures Fiscal Year 1988	16,384,409.85	3,812,154.46	1,087,196.96	53,701,471.84	74,985,233.11
Encumbrances Outstanding at June 30, 1988					
Firm Obligations	3,964,575.78	2,024,259.86	920,014.76	3,825,041.16	10,733,891.56
Contingent Obligations	9,158.16	16,384.82	0.00	2,497,620.89	2,523,163.87
TOTAL EXPENDED AND ENCUMBERED	20,358,143.79	5,852,799.14	2,007,211.72	60,024,133.89	88,242,288.54
UNENCUMBERED CASH BALANCE AT JUNE 30, 1988	$ 3,017,881.39 (a)	$ 2,488,981.45 (a)	$ 2,568,285.99 (a)	$ 4,104,588.71 (b)	$ 12,179,737.54

(a) This amount does not take into consideration the amount of reappropriated balances of appropriations at June 30, 1988 as follows:

Kansas Educational Building Fund	$ 2,044,910.85
State Institutions Building Fund	1,803,640.53
Correctional Institutions Building Fund	1,995,629.37
	$ 5,844,180.75

(b) This amount does not include the investments on a cost basis which is shown in Exhibit "A".

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

EXHIBIT "C"

CAPITAL PROJECTS FUNDS
Comparative Combined Statement of Revenue and Expenditures
For the Fiscal Years Ending June 30

	Detail of 1988					
	Kansas Educational Building Fund	State Institutions Building Fund	Correctional Institutions Building Fund	Other Capital Projects Funds	1988	1987
OPERATING REVENUE						
Taxes	$ 12,921,902.27	$ 3,254,176.22	$ 3,206,755.75	$ 0.00	$ 19,382,834.24	$ 19,480,718.04
Agency Earnings	0.00	0.00	0.00	1,201,217.57	1,201,217.57	1,401,302.26
Revenue from the Use of Money and Property	0.00	0.00	0.00	2,137,594.37	2,137,594.37	2,463,539.81
Gifts, Donations and Grants	0.00	0.00	0.00	67,706.00	67,706.00	67,706.00
Other Operating Revenue	0.00	0.00	0.00	0.00	0.00	0.00
GROSS OPERATING REVENUE	12,921,902.27	3,254,176.22	3,206,755.75	3,406,517.94	22,789,352.18	23,413,266.11
OPERATING EXPENDITURES						
Salaries and Wages	6,957.07	0.00	70,569.44	183,283.78	260,810.29	182,835.30
Contractual Services	1,379,768.09	2,067,426.36	330,583.31	316,248.83	4,094,026.59	3,831,069.83
Commodities	56,412.90	95,761.90	155,488.67	13,499.52	321,162.99	106,548.52
Capital Outlay	14,941,271.79	1,648,966.20	530,555.54	1,553,015.07	18,673,808.60	30,116,172.09
Grants, Claims, Shared Revenue and Debt Service	0.00	0.00	0.00	4,761,746.76	4,761,746.76	4,938,771.75
GROSS OPERATING EXPENDITURES	16,384,409.85	3,812,154.46	1,087,196.96	6,827,793.96	28,111,555.22	39,175,397.49
Excess of Operating Revenue Over Operating Expenditures			2,119,558.79			
Excess of Operating Expenditures Over Operating Revenue	3,462,507.58	557,978.24		3,421,276.02	5,322,203.05	15,762,131.38
GROSS NON-OPERATING REVENUE	71,000.00	0.00	850,000.00	51,330,750.99	52,251,750.99	129,563,982.01
GROSS NON-OPERATING EXPENDITURES	0.00	0.00	0.00	46,873,677.88	46,873,677.88	107,414,909.86
Excess of Non-Operating Revenue Over Non-Operating Expenditures	71,000.00	0.00	850,000.00	4,457,073.11	5,378,073.11	22,149,072.15
EXCESS OF REVENUE OVER EXPENDITURES			$ 2,969,558.79	$ 1,035,797.09	$ 55,870.06	$ 6,386,940.77
EXCESS OF EXPENDITURES OVER REVENUE	$ 3,391,[illegible].58	$ 557,978.24				

The Notes to the Financial Statements, Section III, are an integral part of the financial statements.

SECTION VI

ENTERPRISE FUNDS

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Comparative Balance Sheet—Exhibit "A" 57

Analysis of Change in Unencumbered Cash Balance—Exhibit "B" 58

Comparative Combined Statement of Revenue and Expenditures—Exhibit "C" 59

Enterprise Funds

Enterprise Funds are used to finance services, usually more of a commercial nature than the normal functions of state government, rendered by a state agency primarily to the general public for compensation.

EXHIBIT "A"

ENTERPRISE FUNDS
Comparative Combined Balance Sheet
June 30

RECOGNIZED ASSETS	1988	1987
Equity in State Treasurer's Common Cash Fund	$ 18,127,957.72	$ 20,453,432.62
Cash in Agencies' Imprest Funds	1,000.00	1,000.00
Cash with Banks for Purchase of Investments	13,278.46	10,108.83
Investments - Cost Basis (See Section XII, Note 14)	18,338,532.35	20,153,491.69
Amount to be Provided for Revenue Bond Redemption (See Section XII, Note 22)	24,653,000.00	26,666,000.00
Amount to be Provided for Loan Redemption (See Section XII, Note 25)	509,099.29	0.00
TOTAL RECOGNIZED ASSETS	$ 61,642,867.82	$ 67,284,033.14
LIABILITIES, OTHER OBLIGATIONS AND FUND BALANCES		
LIABILITIES		
Unredeemed Warrants	$ 778,904.42	$ 2,158,046.14
Revenue Bonds Payable (See Section XII, Note 22)	24,653,000.00	26,666,000.00
Loans Payable (See Section XII, Note 25)	509,099.29	0.00
Total Liabilities	25,941,003.71	28,824,046.14
OTHER OBLIGATIONS		
Total Unliquidated Encumbrances	2,400,298.67	7,089,529.41
FUND BALANCES		
Unencumbered Cash Balances of Agency Funds	14,948,754.63	11,205,857.07
Agencies' Imprest Funds	1,000.00	1,000.00
Cash in Banks for Purchase of Investments	13,278.46	10,108.83
Invested Balances - Cost Basis (See Section XII Note 14)	18,338,532.35	20,153,491.69
Total Fund Balances	33,301,565.44	31,370,457.59
TOTAL LIABILITIES, OTHER OBLIGATIONS AND FUND BALANCES	$ 61,642,867.82	$ 67,284,033.14

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

EXHIBIT "B"

ENTERPRISE FUNDS
Analysis of Change in Unencumbered Cash Balance
July 1, 1987 to June 30, 1988

AMOUNTS AVAILABLE FOR EXPENDITURE:		
Unencumbered Cash Balance at July 1, 1987	$ 11,205,857.07	
Encumbrances Outstanding at July 1, 1987	7,089,529.41	
Subtotal	18,295,386.48	
Revenue Fiscal Year 1988	85,844,333.73	
TOTAL AVAILABLE		104,139,720.21
AMOUNTS EXPENDED AND ENCUMBERED:		
Expenditures Fiscal Year 1988	86,790,666.91	
Encumbrances Outstanding at June 30, 1988		
Firm Obligations	1,480,637.16	
Contingent Obligations	919,661.51	
TOTAL EXPENDED AND ENCUMBERED		89,190,965.58
UNENCUMBERED CASH BALANCE AT JUNE 30, 1988 *		$ 14,948,754.63

* This balance does not include the cash advances to banks for the purchase of investments, the invested balances on a cost basis, nor Agencies' Imprest Funds held in local bank accounts. The amounts for these items are shown in Exhibit "A

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

EXHIBIT "C"

ENTERPRISE FUNDS
Comparative Combined Statement of Revenue and Expenditures
For the Fiscal Years Ending June 30

	1988	1987
OPERATING REVENUE		
Taxes	$ 0.00	$ 0.00
Agency Earnings	20,729,004.61	19,639,146.58
Revenue from the Use of Money and Property	22,057,145.22	22,801,285.02
Gifts, Donations and Grants	67,894.00	33,894.00
Other Operating Revenue	517,[illegible].81	2,445,417.51
GROSS OPERATING REVENUE	43,371,055.64	44,919,743.11
OPERATING EXPENDITURES		
Salaries and Wages	20,998,935.82	20,223,766.11
Contractual Services	9,642,645.53	11,848,690.61
Commodities	7,120,036.50	7,012,872.33
Capital Outlay	6,464,983.34	6,421,820.98
Grants, Claims, Shared Revenue and Debt Service	1,900,380.43	2,990,123.03
GROSS OPERATING EXPENDITURES	46,126,981.62	48,497,273.06
Excess of Operating Expenditures Over Operating Revenues	2,755,925.98	3,577,529.95
GROSS NON-OPERATING REVENUE	42,473,278.09	55,860,196.93
GROSS NON-OPERATING EXPENDITURES	40,663,685.29	52,828,081.86
Excess of Non-Operating Revenue Over Non-Operating Expenditures	1,809,592.80	3,032,115.07
EXCESS OF EXPENDITURES OVER REVENUES	$ 946,333.18	$ 545,414.88

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

GREAT SEAL OF THE STATE OF KANSAS
JANUARY 29 1861

SECTION VII

INTRAGOVERNMENTAL SERVICE FUNDS

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Intragovernmental Service Funds

The funds included in this class are used to finance and account for services and commodities by a designated state agency to departments of the same state agency or to other state agencies. These funds are operated on a self-sustaining basis in that they are reimbursed, usually at cost, for the goods or services they produce. They were established by contributions or advances from the State General Fund or by other funds.

EXHIBIT "A"

INTRAGOVERNMENTAL SERVICE FUNDS
Comparative Combined Balance Sheet
June 30

RECOGNIZED ASSETS	1988	1987
Equity in State Treasurer's Common Cash Fund	$ 31,416,438.37	$ 28,087,368.21
Amount to be Provided for Misc. Obligations (Section XII, Note 31)	4,535,000.00	0.00
Amount to be Provided for Loan Redemption (Fection XII, Note 25)	18,276,147.88	19,309,173.30
Investments - Cost Basis (See Section XII, Note 14)	444,578.13	0.00
TOTAL RECOGNIZED ASSETS	$ 54,672,164.38	$ 47,396,541.51
LIABILITIES, OTHER OBLIGATIONS AND FUND BALANCES		
LIABILITIES		
Unredeemed Warrants	$ 4,904,373.40	$ 4,144,276.93
Miscellaneous Obligations Payable (See Section XII, Note 31)	4,535,000.00	0.00
Loan Payable (See Section XII, Note 25)	18,276,147.88	19,309,173.30
Total Liabilities	27,715,521.28	23,453,450.23
OTHER OBLIGATIONS		
Total Unliquidated Encumbrances	6,116,766.26	4,624,818.01
FUND BALANCES		
Unencumbered Cash Balances of Agency Funds	20,395,298.71	19,318,273.27
Invested Balances - Cost Basis (See Section XII, Note 14)	444,578.13	0.00
Total Fund Balances	20,839,876.84	19,318,273.27
TOTAL LIABILITIES, OTHER OBLIGATIONS AND FUND BALANCES	$ 54,672,164.38	$ 47,396,541.51

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

EXHIBIT "B"

INTRAGOVERNMENTAL SERVICE FUNDS
Analysis of Change in Unencumbered Cash Balance
July 1, 1987 to June 30, 1988

AMOUNTS AVAILABLE FOR EXPENDITURE:		
Unencumbered Cash Balance at July 1, 1987	$ 19,318,273.27	
Encumbrances Outstanding at July 1, 1987	4,624,818.01	
Subtotal	23,943,091.28	
Revenue Fiscal Year 1988	120,566,153.80	
TOTAL AVAILABLE		144,509,245.08
AMOUNTS EXPENDED AND ENCUMBERED:		
Expenditures Fiscal Year 1988	117,997,180.11	
Encumbrances Outstanding at June 30, 1988		
Firm Obligations	5,091,794.56	
Contingent Obligations	1,024,971.70	
TOTAL EXPENDED AND ENCUMBERED		124,113,946.37
UNENCUMBERED CASH BALANCE AT JUNE 30, 1988		$ 20,395,298.71

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

EXHIBIT "C"

INTRAGOVERNMENTAL SERVICE FUNDS
Comparative Combined Statement of Revenue and Expenditures
For the Fiscal Years Ending June 30

	1988	1987
OPERATING REVENUE		
Taxes	$ 233,348.40	$ 228,699.25
Agency Earnings	98,986,591.20	82,159,891.43
Revenue from the Use of Money and Property	9,481,287.76	11,203,320.43
Gifts, Donations and Grants	0.00	0.00
Other Operating Revenue	185,281.79	217,353.95
GROSS OPERATING REVENUE	108,886,509.15	93,809,265.06
OPERATING EXPENDITURES		
Salaries and Wages	27,487,948.03	26,333,809.34
Contractual Services	41,422,113.33	33,963,569.82
Commodities	22,382,308.80	20,109,431.30
Capital Outlay	23,137,073.04	18,515,967.33
Grants, Claims, Shared Revenue and Debt Service	1,416,308.95	3,272,698.05
GROSS OPERATING EXPENDITURES	115,845,752.15	102,195,475.84
Excess of Operating Expenditures Over Operating Revenue	6,959,243.00	8,386,210.78
GROSS NON-OPERATING REVENUE	11,679,644.65	9,719,851.18
GROSS NON-OPERATING EXPENDITURES	2,151,427.96	285,631.97
Excess of Non-Operating Revenue Over Non-Operating Expenditures	9,528,216.69	9,434,219.21
EXCESS OF REVENUE OVER EXPENDITURES	$ 2,568,973.69	$ 1,048,008.43

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

GREAT SEAL OF THE STATE OF KANSAS
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SECTION VIII

TRUST AND AGENCY FUNDS

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Comparative Combined Balance Sheet—Exhibit "A" 69

Analysis of Change in Unencumbered Cash Balance—Exhibit "B" 70

Comparative Combined Statement of Revenue and Expenditures—Exhibit "C" 71

Trust and Agency Funds

In this class are included funds that the state receives, holds, and/or disburses in a fiduciary capacity as trustee, agent or custodian. Trust funds are normally invested to produce additional revenue to be used for the same purposes for which the funds were established. Into the Agency Funds go moneys collected by the state, as agent, and disbursed to other governmental agencies and individuals in accordance with laws and regulations.

EXHIBIT "A"

TRUST AND AGENCY FUNDS
Comparative Combined Balance Sheet
June 30

	Detail of 1988				
	Retirement Funds	Employment Security Funds	Other Trust and Agency Funds	1988	1987
RECOGNIZED ASSETS					
Equity in State Treasurer's Common Cash Fund	$ 15,145,955.16	$ 3,160,373.12	$ 114,937,375.76	$ 133,243,704.04	$ 117,253,568.77
Cash in Agencies' Imprest Funds	0.00	0.00	500.00	500.00	500.00
Cash with U.S. Treasurer	0.00	385,326,000.00	0.00	385,326,000.00	344,172,000.00
Inmate, Patient and Client Monies in State Agencies Custody (See Section XII, Note 30)	0.00	0.00	2,133,938.12	2,133,938.12	2,011,495.37
Public Employees Retirement Fund Investments – Accrual Basis) See Section XII, Note 14)	3,099,959,976.18	0.00	0.00	3,099,959,976.18	2,848,595,998.63
Investments Owned by Other Funds (Cost Basis) (See Section XII, Note 14)	0.00	0.00	54,600,682.15	54,600,682.15	41,474,638.68
Investments of Deferred Compensation Plan Balances (Market Value) (See Section XII, Note 13)	0.00	0.00	60,549,669.25	60,549,669.25	52,797,369.42
TOTAL RECOGNIZED ASSETS	$ 3,115,105,931.34	$ 388,486,373.12	$ 232,222,165.28	$ 3,735,814,469.74	$ 3,406,305,570.87
LIABILITIES, OTHER OBLIGATIONS AND BALANCES					
LIABILITIES					
Unredeemed Warrants	$ 11,136,777.40	$ 2,749,888.06	$ 28,760,316.32	$ 42,646,981.78	$ 36,575,352.27
Inmate, Patient and Client Trust Funds (See Section XII, Note 30)	0.00	0.00	2,133,938.12	2,133,938.12	2,011,495.37
Due Employees for Deferred Compensation (Market Value) (See Section XII, Note 13)	0.00	0.00	60,549,669.25	60,549,669.25	52,797,369.42
Total Liabilities	11,136,777.40	2,749,888.06	91,443,923.69	105,330,589.15	91,384,217.06
OTHER OBLIGATIONS					
Total Unliquidated Encumbrances	76,941.12	0.00	7,027,993.92	7,104,935.04	17,319,519.53
FUND BALANCES					
Unencumbered Cash Balance of Agency Funds	3,932,216.64	385,736,485.06	79,149,065.52	468,817,767.22	407,530,696.97
Agencies' Imprest Funds	0.00	0.00	500.00	500.00	500.00
Invested Balances of Public Employees Retirement Fund - Accrual Basis (See Section XII, Note 14)	3,099,959,976.18	0.00	0.00	3,099,959,976.18	2,848,595,998.63
Invested Balances of Other Funds - Cost Basis (See Section XII, Note 14)	0.00	0.00	54,600,682.15	54,600,682.15	41,474,638.68
Total Fund Balances	3,103,892,192.82	385,736,485.06	133,750,247.67	3,623,378,925.55	3,297,601,834.28
TOTAL LIABILITIES, OTHER OBLIGATIONS AND FUND BALANCES	$ 3,115,105,931.34	$ 388,486,373.12	$ 232,222,165.28	$ 3,735,814,469.74	$ 3,406,305,570.87

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

EXHIBIT "B"

TRUST AND AGENCY FUNDS
Analysis of Change in Unencumbered Cash Balance
July 1, 1987 to June 30, 1988

	Retirement Funds	Employment Security Funds	Other Trust and Agency Funds	Total
AMOUNTS AVAILABLE FOR EXPENDITURE:				
Unencumbered Cash Balance at July 1, 1987	$ 4,123,355.75	$ 344,357,837.86	$ 59,049,503.36	$ 407,530,696.97
Encumbrances Outstanding at July 1, 1987	248,275.22	0.00	17,071,244.31	17,319,519.53
Subtotal	4,371,630.97	344,357,837.86	76,120,747.67	424,850,216.50
Revenue Fiscal Year 1988	584,407,034.77	208,795,096.71	1,123,671,094.35	1,916,873,225.83
TOTAL AVAILABLE	588,778,665.74	553,152,934.57	1,199,791,842.02	2,341,723,442.33
AMOUNTS EXPENDED AND ENCUMBERED:				
Expenditures Fiscal Year 1988	584,769,487.98	167,416,449.51	1,113,614,782.58	1,865,800,720.07
Encumbrances Outstanding at June 30, 1988				
Firm Obligations	73,335.78	0.00	4,429,214.20	4,502,549.98
Contingent Obligations	3,625.34	0.00	2,598,779.72	2,602,405.06
TOTAL EXPENDED AND ENCUMBERED	584,846,449.10	167,416,449.51	1,120,642,776.50	1,872,905,675.11
UNENCUMBERED CASH BALANCE AT JUNE 30, 1988*	$ 3,932,216.64	$ 385,736,485.06	$ 79,149,065.52	$ 468,817,767.22

* This balance does not include the Investments, the Cash with Banks for the Purchase of Investments, nor Agency Imprest Funds held in local bank accounts. The amounts for these items are shown in Exhibit "A".

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

EXHIBIT "C"

TRUST AND AGENCY FUNDS
Comparative Combined Statement of Revenue and Expenditures
For the Fiscal Years Ending June 30

	Detail of 1988				
	Retirement Funds	Employment Security Funds	Other Trust and Agency Funds	1988	1987
OPERATING REVENUE					
Taxes	$ 0.00	$ 164,477,453.08	$ 228,746,303.99	$ 393,223,757.07	$ 374,384,161.80
Agency Earnings	0.00	0.00	351,848.73	351,848.73	229,168.92
Revenue from the Use of Money and Property	278,577,138.07	31,202,515.42	5,753,874.57	315,533,528.06	396,575,102.70
Gifts, Donations and Grants	0.00	4,414,644.69	11,354,796.12	15,769,440.81	10,594,018.97
Other Operating Revenue	40,059.01	61,049.32	48,425,760.39	48,526,868.72	33,432,182.67
GROSS OPERATING REVENUE	278,617,197.08	200,155,662.51	294,632,583.80	773,405,443.39	815,214,635.06
OPERATING EXPENDITURES					
Salaries and Wages	1,519,591.53	0.00	2,126,668.45	3,646,259.98	3,198,058.08
Contractual Services	38,075,075.51	0.00	6,975,408.03	45,050,483.54	29,921,254.69
Commodities	50,896.82	0.00	146,319.34	197,216.16	111,724.47
Capital Outlay	181,496.02	0.00	11,605,183.87	11,786,679.89	1,639,395.47
Grants, Claims, Shared Revenue and Debt Service	132,813,196.50	165,035,244.85	400,822,108.43	698,670,549.78	643,515,234.55
GROSS OPERATING EXPENDITURES	172,640,256.38	165,035,244.85	421,675,688.12	759,351,189.35	678,385,667.26
Excess of Operating Revenue Over Operating Expenditures	105,976,940.70	35,120,417.66		14,054,254.04	136,828,967.80
Excess of Operating Expenditures Over Operating Revenue			127,043,104.32		
GROSS NON-OPERATING REVENUE	305,789,837.69	8,639,434.20	829,038,510.55	1,143,467,782.44	1,250,346,260.97
GROSS NON-OPERATING EXPENDITURES	412,129,231.60	2,381,204.66	691,939,094.46	1,106,449,530.72	1,353,938,302.40
Excess of Non-Operating Revenue Over Non-Operating Expenditures		6,258,229.54	137,099,416.09	37,018,251.72	
Excess of Non-Operating Expenditures Over Non-Operating Revenue	106,339,393.91				103,592,041.43
EXCESS OF REVENUE OVER EXPENDITURES		$ 41,378,647.20	$ 10,056,311.77	$ 51,072,505.76	$ 33,236,926.37
EXCESS OF EXPENDITURES OVER REVENUE	$ 362,453.21				

The Notes to the Financial Statements, Section III, are an integral part of the financial statements.

GREAT SEAL OF THE STATE OF KANSAS
JANUARY 29 1861

SECTION IX

CLEARING, REFUND AND SUSPENSE FUNDS

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Comparative Combined Balance Sheet—Exhibit "A" 75

Analysis of Change in Unencumbered Cash Balance—Exhibit "B" 76

Comparative Combined Statement of Revenue and Expenditures—Exhibit "C" 77

Clearing, Refund and Suspense Funds

Included are funds used to clear transactions related to payroll deductions and contributions and certain other transactions of a non-operating nature. This class also includes specific funds established for refunding overcollections of taxes, fees and other monies. Suspense funds are included in this class for temporary depositing of monies until proper disposition can be determined. Generally, the type of funds included in this class are those which cannot be properly classified into another fund class.

EXHIBIT "A"

*CLEARING, REFUND AND SUSPENSE FUNDS
Comparative Combined Balance Sheet
June 30

RECOGNIZED ASSETS	1988	1987
Equity in State Treasurer's Common Cash Fund	$ 58,683,789.52	$ 46,558,475.57
Cash in Agency Imprest Fund	500.00	500.00
TOTAL RECOGNIZED ASSETS	$ 58,684,289.52	$ 46,558,975.57
LIABILITIES, OTHER OBLIGATIONS AND FUND BALANCES		
LIABILITIES		
Unredeemed Warrants	$ 45,883,202.50	$ 26,898,896.28
OTHER OBLIGATIONS		
Total Unliquidated Encumbrances	545,314.44	88,416.53
FUND BALANCES		
Unencumbered Cash Balance of Agency Funds	12,255,272.58	19,571,162.76
Agency Imprest Fund	500.00	500.00
Total Fund Balances	12,255,772.58	19,571,662.76
TOTAL LIABILITIES, OTHER OBLIGATIONS AND FUND BALANCES	$ 58,684,289.52	$ 46,558,975.57

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

EXHIBIT "B"

CLEARING, REFUND AND SUSPENSE FUNDS
Analysis of Change in Unencumbered Cash Balance
July 1, 1987 to June 30, 1988

AMOUNTS AVAILABLE FOR EXPENDITURE:		
Unencumbered Cash Balance at July 1, 1987	$ 19,571,162.76	
Encumbrances Outstanding at July 1, 1987	88,416.53	
Subtotal	19,659,579.29	
Revenue Fiscal Year 1988	887,332,848.86	
TOTAL AVAILABLE		906,992,428.15
AMOUNTS EXPENDED AND ENCUMBERED:		
Expenditures Fiscal Year 1988	894,191,841.13	
Encumbrances Outstanding at June 30, 1988		
Fire Obligations	13,814.44	
Contingent Obligations	531,500.00	
TOTAL EXPENDED AND ENCUMBERED		894,737,155.57
UNENCUMBERED CASH BALANCE AT JUNE 30, 1988		$ 12,255,272.58

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

EXHIBIT "C"

CLEARING, REFUND AND SUSPENSE FUNDS
Comparative Combined Statement of Revenue and Expenditures
For the Fiscal Years Ending June 30

	1988	1987
OPERATING REVENUE		
Taxes	$ 206,960,415.78	$ 241,820,028.33
Agency Earnings	120,233.39	188,027.44
Revenue from the Use of Money and Property	1,621,164.02	2,161,217.22
Gifts, Donations and Grants	0.00	0.00
Other Operating Revenue	(415,961.84)	2,285,422.73
GROSS OPERATING REVENUE	208,285,851.35	246,454,695.72
OPERATING EXPENDITURES		
Salaries and Wages	256,549.59	413,824.69
Contractual Services	2,376,142.56	2,848,411.60
Commodities	11,871.92	13,165.25
Capital Outlay	7,232.97	0.00
Grants, Claims, Shared Revenue and Debt Service	1,704,699.37	1,596,601.87
GROSS OPERATING EXPENDITURES	4,356,496.41	4,872,003.41
Excess of Operating Revenue Over Operating Expenditures	203,929,354.94	241,582,692.31
GROSS NON-OPERATING REVENUE	679,046,997.51	530,471,184.40
GROSS NON-OPERATING EXPENDITURES	889,835,344.72	773,632,839.04
Excess of Non-Operating Expenditures Over Non-Operating Revenue	210,788,347.21	243,161,654.64
EXCESS OF EXPENDITURES OVER REVENUE	$ 6,858,992.27	$ 1,578,962.33

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

SECTION X

PAYROLL CLEARING FUND

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Comparative Balance Sheet—Exhibit "A" 81

Comparative Analysis of Change in Unencumbered Cash Balance—Exhibit "B" ... 82

Comparative Statement of Revenue and Expenditures—
Exhibit "C" 83

Payroll Clearing Fund

The law provides that a payroll account may be established in the state treasury to permit the issuance of a consolidated payroll for each state agency. The receipts to this account are derived from transfers of monies from other funds within the treasury. The disbursements are made by payroll warrants for the net amount of salaries to state employees and the remainder of funds in the form of OASDHI, withholding taxes, retirement and miscellaneous payroll deductions are transferred to appropriate Department of Administration Clearing Funds and disbursed to other governmental units and the appropriate entities. Normally monies transferred in are disbursed by the tenth day of the following month and not later than the end of a quarter. The Kansas University Medical Center payroll utilized the payroll clearing fund in early FY 1988. However, this payroll system was eliminated and KUMC began operating on the Regents' Payroll System in October, 1988. Under the Kansas Integrated Personnel Payroll System (K.I.P.P.S.), payrolls of state agencies are charged directly against the appropriate agency account or accounts in the state treasury on an individual account basis rather than utilizing the payroll clearing fund. The Regents' Institutions Payroll System does not use the Payroll Clearing Fund but does use individual agency clearing funds reported under the category of "Clearing Refund and Suspense Funds" (Section IX of this Annual Financial Report).

EXHIBIT "A"

PAYROLL CLEARING FUND
Comparative Balance Sheet
June 30

	1988	1987
RECOGNIZED ASSETS		
Equity in State Treasurer's Common Cash Fund	$ 9,341.17	$ 4,490,828.37
TOTAL RECOGNIZED ASSETS	$ 9,341.17	$ 4,490,828.37
LIABILITIES		
Unredeemed Warrants	$ 9,341.17	$ 3,573,088.55
Due for Payroll Deductions, Taxes, Retirement, Etc.:		
Due Federal Government for Social Security	0.00	159,999.47
Due Federal Government for Federal Withholding Taxes	0.00	45,975.77
Due Federal Government for Savings Bonds	0.00	4,589.31
Due Department of Revenue for Kansas Withholding Taxes	0.00	3,986.80
Due for Worker's Compensation Contributions	0.00	26,746.33
Due for Unemployment Compensation Contributions	0.00	3,761.37
Due for Mandatory Retirement Annuity Contributions	0.00	266,996.33
Due for Retirement Contributions due Kansas Public Employees Retirement System	0.00	150,365.00
Due for Health Insurance Carriers and Health Maintenance Organizations	0.00	247,626.05
Due for Membership Fees Due Employee Organizations	0.00	868.00
Due for United Way	0.00	2,344.13
Due Aetna Life Insurance and Annuity Company for Deferred Compensation	0.00	4,481.26
Total Due for Payroll Deductions, Taxes, Retirement, Etc.	0.00	917,739.82
TOTAL LIABILITIES	$ 9,341.17	$ 4,490,828.37

The Fiscal Year 1989 Annual Financial Report will no longer reflect this fund breakdown as state agency payrolls will be charged directly against the appropriate agency account rather than using the payroll clearing fund.

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

EXHIBIT "B"

PAYROLL CLEARING FUND
Comparative Analysis of Change in Unencumbered Cash Balance
For the Fiscal Years Ending June 30

	1988	1987
Balance, July 1	$ 917,739.82	$ 3,902,264.37
Add: Transfers from Other State Funds	23,019,537.67	171,977,064.47
Total Amount Available	23,937,277.49	175,879,328.84
Less: Transfers to Other Funds	10,149,775.87	72,331,924.00
Payroll Warrants Issued (Including Earned Income Credits)	13,787,501.62	102,629,665.02
Total Disbursements	23,937,277.49	174,961,589.02
BALANCE, June 30	$ 0.00	$ 917,739.82

The Fiscal Year 1989 Annual Financial Report will no longer reflect this fund breakdown as state agency payrolls will be charged directly against the appropriate agency account rather than using the payroll clearing fund.

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

EXHIBIT "C"

PAYROLL CLEARING FUND
Comparative Statement of Revenue and Expenditures
For the Fiscal Years Ending June 30

	1988	1987
NON-OPERATING REVENUE		
Transfers from Other State Funds	$ 23,019,537.67	$ 171,977,064.47
GROSS NON-OPERATING REVENUE	23,019,537.67	171,977,064.47
NON-OPERATING EXPENDITURES		
Gross Transfers from Payroll Clearing Fund	10,149,775.87	72,331,924.00
Warrants Issued from Payroll Clearing Fund: Payroll Warrants (Including Earned Income Credits)	13,787,501.62	102,629,665.02
GROSS NON-OPERATING EXPENDITURES	23,937,277.49	174,961,589.02
Excess of Non-Operating Expenditures Over Non-Operating Revenue	$ 917,739.82	$ 2,984,524.55

The Fiscal Year 1989 Annual Financial Report will no longer reflect this fund breakdown as state agency payrolls will be charged directly against the appropriate agency account rather than using the payroll clearing fund.

The Notes to the Financial Statements, Section XII, are an integral part of the financial statements.

SECTION XI

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

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Loans Outstanding—Exhibit "E" 87

Certificates of Participation—Exhibit "F" 88

Water Supply Storage in Federal Reservoirs—Exhibit "G" 89

Miscellaneous Long-Term Obligations—Exhibit "H" 90

LONG TERM OBLIGATIONS ACCOUNT GROUP
REVENUE BOND INDEBTEDNESS
JUNE 30, 1988
(EXPRESSED IN THOUSANDS)

EXHIBIT "D"

DESCRIPTION OF DEBT/DATE/AMOUNT ISSUED (BY FUND CLASS AND AGENCY)	FUTURE YEAR MATURITIES	INTEREST RATE (%)	BEGINNING BALANCE	PRINCIPAL PAID FY 88	OUTSTANDING JUNE 30, 1988
HIGHWAY FUNDS					
Department of Transportation K.S.A. Ch 68, Art 23					
Highway Refunding Bonds Series 1985A Issued Nov. 15, 1985 $151,545	1989 - 1999	8.00	$ 151,545	$ 2,910	$ 148,635
TOTAL HIGHWAY FUNDS REVENUE BOND INDEBTEDNESS			151,545	2,910	148,635
CAPITAL PROJECTS FUNDS					
Kansas Fish and Game Commission K.S.A. Ch 32, Art 6					
Fish Hatchery Refunding Bonds Issued May 15, 1984 $4,650 (See Section XII, Note 27)	1989 - 1998	6.00 to 9.75	4,125	240	3,885
Fort Hays State University K.S.A. Ch 76, Art 6a					
Physical Education Building Issued Dec. 1, 1970 $4,615	1989 - 1996	5.50 to 6.90	2,435	245	2,190
University of Kansas Medical Center K.S.A. Ch 76, Art 6a					
Medical Library Issued June 1, 1981 $1,000	1989 - 1996	9.50 to 10.50	735	60	675
1985 Hospital Refunding Bonds Issued Dec. 1, 1985 $15,635	1989 - 1997	5.50 to 8.00	14,705	1,000	13,705
1985 Parking Facility Refunding Bonds Issued Dec. 1, 1985 $1,925	1989 - 2003	5.50 to 9.10	1,825	75	1,750
Wichita State University K.S.A. Ch 76, Art 6a					
1984 Academic and Service Building Refunding Revenue Bonds Issued Nov. 15, 1984 $1,570	1989 - 1993	5.50 to 9.10	1,270	170	1,100
1985 Library Refunding Revenue Bonds Issued April 1, 1985 $890	1989 - 1990	7.00 to 10.00	575	175	400
TOTAL CAPITAL PROJECTS FUNDS REVENUE BOND INDEBTEDNESS			25,670	1,965	23,705
TOTAL REVENUE BOND INDEBTEDNESS			$ 177,215	$ 4,875	$ 172,340

LONG TERM OBLIGATIONS ACCOUNT GROUP
LOANS OUTSTANDING
JUNE 30, 1988
(EXPRESSED IN THOUSANDS)

EXHIBIT "E"

DESCRIPTION OF DEBT/DATE/AMOUNT BORROWED (BY FUND CLASS AND AGENCY)	FUTURE YEAR MATURITIES	INTEREST RATE (%)	OUTSTANDING BALANCE	PRINCIPAL PAID FY 88	OUTSTANDING JUNE 30, 1988
SPECIAL REVENUE FUNDS					
Department of Social and Rehabilitation Services					
Adult Care Homes Lawsuit Settlement Fund (See Section XII, Note 25B) June 30, 1985 (K.S.A. 75-5342) $1,200	Paid in Full	8.18	$ 7,843	$ 7,843	$ 0
Kansas Water Office					
Water Supply Storage Assurance Fund (See Section XII, Note 25H) July 1, 1987 (K.S.A. 82a-1369) $4,000	1989 - 1997	Adjusted Annually	4,000	0	4,000
CAPITAL PROJECTS FUNDS					
University of Kansas Medical Center					
Animal Research Facility (See Section XII, Note 25E) Dec. 15, 1986 (K.S.A. 76-828) $4,300	1989 - 2008	Adjusted Annually	4,300	0	4,300
TOTAL LOANS OUTSTANDING			$ 16,143	$ 7,843	$ 8,300

EXHIBIT "F"

CERTIFICATES OF PARTICIPATION
JUNE 30, 1988
(EXPRESSED IN THOUSANDS)

DESCRIPTION OF DEBT/DATE/AMOUNT ISSUED (BY FUND CLASS AND AGENCY)	FUTURE YEAR MATURITIES	INTEREST RATE (%)	BEGINNING BALANCE	PRINCIPAL PAID FY 88	OUTSTANDING JUNE 30, 1988
CERTIFICATES OF PARTICIPATION					
CAPITAL PROJECTS FUND					
Department of Administration K.S.A. 75-37,101 1986 Certifications of Participation - Lease Payment Fund (a) August, 1986 $35,720	1989 - 1998	5.5 to 7.1	33,725	5,670	28,055
1987 Certifications of Participation - Lease Payment Fund (b) December, 1987 $16,280	1989 - 1998	5.25 to 6.7	16,280	640	15,640
PUBLIC LEASING CORPORATION CERTIFICATE OF PARTICIPATION FINANCING AGREEMENT					
SPECIAL REVENUE FUND					
University of Kansas Medical Center K.S.A. 75-37,101 University of Kansas Hospital Fund - Lease-Purchase Nuclear Magnetic Resonance Imaging System (c) $2,004	1989 - 1990	Variable	1,299	410	889
TOTAL CERTIFICATES OF PARTICIPATION			$ 51,304	$ 6,720	$ 44,584

(a) Principal and interest is payable semiannually on October 1, and April 1 beginning with the initial payment which was made on April 1, 1987. Further information is available from Section XII, Note 28.

(b) Principal and interest is payable semiannually on June 1, and December 1 beginning with the initial payment which was made on June 1, 1988. Further information is available from Section XII, Note 28.

(c) A lease with option to purchase agreement was made during fiscal year 1985 by the University of Kansas Medical Center with funding provided through the issuance of Certificates of Participation by Public Leasing Corporation. For additional information see Section XII, Note 28.

EXHIBIT "G"

WATER SUPPLY STORAGE IN FEDERAL MULTIPURPOSE RESERVOIRS PRINCIPAL BALANCE AND ANNUAL PRINCIPAL AND INTEREST REQUIREMENTS JUNE 30, 1988

Reservoirs	June 30, 1988 Principal Balance	Principal Balance Future Use (Pmt. Deferred) (a)	Interest Rate Percent	Principal and Interest Paid FY 1988	No. of Years Principal Paid to Date
Big Hill(b)	$ 2,889,549	$ 4,499,164	4.012	$ 60,184	8
Clinton	3,682,188	2,031,918	3.502	168,692	9
Council Grove	1,212,065	-----	2.699	52,200	13
Elk City	1,782,277	-----	2.742	77,272	13
Hillsdale(c)	3,326,361	20,107,508	4.012	134,616	7
John Redmond	3,616,153	-----	2.670	157,580	14
Marion	1,357,978	-----	3.046	59,974	11
Milford	-0-	11,604,555	2.632	-0-	11
Perry	-0-	8,672,743	3.046	-0-	8
	$17,866,571	$46,915,888		$710,518	

Additional information is provided in the Notes to the Financial Statements (Section XII, Note 24).

(a) The State of Kansas is not required to make payment on the future use portion of the storage space until the state calls it into use.

(b) The final costs have not been computed by the federal government, but the principal shown herein has been revised to reflect updated estimates made in 1983 by the Corps of Engineers. However, annual debt service payments have continued to be made on the original (lower) cost estimates. The current payment does not cover the annual interest on the update principal which adds to the principal.

(c) Final costs have been computed by the federal government and annual payments have been adjusted accordingly.

MISCELLANEOUS LONG-TERM OBLIGATIONS OUTSTANDING JUNE 30, 1988

EXHIBIT "H"

DESCRIPTION OF OBLIGATION (By Fund Class and Agency)	Obligations Outstanding June 30, 1988
STATE GENERAL FUND	
Department of Corrections Lease-Purchase Payments to the Ellsworth Public Building Commission for the Ellsworth Correctional Work Facility at Ellsworth, Kansas	$ 9,980,000(a)
STATE GENERAL FUND/SPECIAL REVENUE FUND	
Department of Social and Rehabilitation Services State General Fund/Federal Formula Grants Fund-Payments to St. Francis Regional Medical Center, Wichita	$ -0-(b)
TRUST AND AGENCY FUND	
Department of Administration State Workmen's Compensation Self-Insurance Fund-Claims Payments	$12,570,572(c)
TOTAL MISCELLANEOUS LONG-TERM OBLIGATIONS	$22,550,572

(a) Under a contract with the Ellsworth Public Building Commission, the State of Kansas Department of Corrections is committed to semiannual payments through Fiscal Year 2001 amounting to the principal stated above plus the interest due thereon. These payments are to equal the payments due on the revenue bonds issued by the Ellsworth Public Building Commission (Series 1986) and any amounts necessary to maintain the bond reserve. Interest amounts are not reported due to the uncertainty of the actual liability since the amounts attributed to the investment of bond proceeds and the bond reserve reduce the amount payable.

(b) Monthly payments of $77,083.33 were made to St. Francis Regional Medical Center, Wichita through June, 1988 pursuant to a stipulated settlement agreement in regard to alleged underpayments for services provided by St. Francis to qualifying clients. The final payment due under this agreement was made in June, 1988 and no further obligation exists. For additional information, see Section XII, Note 17.

(c) The State, as self-insurer, provides for statutory workers' compensation and medical payments for state employees injured in the line of duty. The present value of future payments on reported claims is the estimated amount as shown above; of this amount $5,289,440 is projected as fiscal year 1989 obligation. For additional information, see Section XII, Note 16.

SECTION XII

NOTES TO THE FINANCIAL STATEMENTS

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State of Kansas
Notes of the Financial Statements
For the Year Ended June 30, 1988

1. SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements have been prepared to the extent possible in accordance with generally accepted principles of governmental fund accounting. The accompanying financial statements are prepared from fund and account records maintained by the Division of Accounts and Reports and include all funds required by statute to be deposited and disbursed through the State Treasury by the various boards, commissions, authorities and state-spending agencies which are subject to legislative review and annual appropriation. Also included in the Combined and Fund Class Balance Sheet Statements are the following items, although they are not deposited and disbursed through the State Treasury: (1) moneys locally held in trust for inmates, clients and members confined at state institutions; (2) authorized agency imprest funds; (3) institutional canteen funds; (4) patient's benefit funds; (5) deferred compensation plan assets held by third party administrator; (6) investment activities of the Department of Administration, Kansas Department of Wildlife and Parks, Department of Transportation, Kansas Public Employees Retirement System, Department of Health and Environment, Real Estate Commission and the University of Kansas Medical Center; and (7) activities related to Fish Hatchery Revenue Bonds which are also included in the General Long-Term Obligations Account Group (Section XI). The investment activities are also shown in the other statements with corresponding expenditures removing the amounts outside the State Treasury from the fund balances. Exclusions from these financial statements are the following items which are outside the State Treasury: (1) certain locally collected custodial funds; (2) student union, athletic, cafeteria, foundation and endowment funds of the state supported universities; (3) Kansas Turnpike Authority (4) district court funds; and (5) Kansas Development Finance Authority.

B. FUND ACCOUNTING

The financial activities of the state are organized and accounted for on the basis of individual funds segregated for the purpose of carrying on specific activities or obtaining certain objectives in accordance with statute, specific regulations, restrictions or limitations. These individual funds and financial activities have been classified into the following fund categories and account group: (1) State General Fund, (2) Special Revenue Funds, (3) Highway Funds, (4) Capital Projects Funds, (5) Enterprise Funds, (6) Intragovernmental Service Funds, (7) Trust and Agency Funds (Employment Security Funds and Retirement Funds are included in this class, but shown separately), (8) Clearing, Refund and Suspense Funds, (9) State Payroll Clearing Fund and (10) General Long-Term Obligations Account Group. The State General Fund, Special Revenue Funds, Highway Funds and Capital Projects Funds represent Governmental Fund Types. The Enterprise Funds and the Intragovernmental Service Funds represent Proprietary Fund Types. The Trust and Agency Funds, Clearing, Refund and Suspense Funds and the State Payroll Clearing Fund represent Fiduciary Fund Types. An explanation of each fund class utilized in this report is included on the reverse side of the title page for each fund class section.

C. BASIS OF ACCOUNTING

The financial statements contained in this report are prepared on the modified accrual with encumbrance modification basis for the Governmental, Proprietary, and Fiduciary type funds. Approximately ten days is allowed after the close of each fiscal year to record all revenues, expenditures and encumbrances applicable to the period being closed. This allows for more accurate recording and reporting of the financial activities.

Revenues are recognized when they are measurable and available to finance current expenditures. Recognition and reporting occurs when the cash receipts are deposited into the State Treasury. This basis is used for self-assessed taxes, grants, fines, fees and all other items of revenue. Estimated taxes receivable from levies on ad valorem property are recorded and recognized in the balance sheets' statements in this report.

Expenditures as used in the accompanying financial statements are based upon the actual amount of warrants issued and interfund transactions processed during the fiscal reporting period. This differs from the basis used in budgetary documents, which treats as expenditures moneys reserved in the form of encumbrances for the payment of contracts, leases, orders and other types of obligations.

Encumbrances as used in the accompanying financial statements represent amounts of current or prior years' appropriations or fund balances which have been reserved for the eventual payment of goods or services provided or ordered prior to the closing date of the fiscal year. The amounts reported as encumbrances in the accompanying financial statements represent both items which constitute actual liabilities for which payment warrants were not issued by the closing of the fiscal year, and actual orders placed for goods or services on or before the closing date of the fiscal year. These amounts have not been considered as expenditures in the accompanying financial statements, but are shown as other obligations for which a corresponding amount of fund balance has been reserved.

2. EQUITY IN STATE TREASURER'S COMMON CASH FUND

Moneys in the "common cash pool" in the State Treasury, not immediately needed for the payment of liabilities in the form of warrants (checks), may be invested under provisions of statute by the Pooled Money Investment Board (PMIB). These invested amounts are not separately stated in the Balance Sheets, but are included in the "Equity in State Treasurer's Common Cash Fund" designation under the appropriate Fund Class.

Bank balances of the state treasurer's common cash fund as well as certain other agency moneys not part of the common cash fund but invested through PMIB, are pooled for securing purposes. Balances are fully secured, as required by statute. The following are the items that represent the total "Equity in State Treasurer's Common Cash Fund" as of June 30, 1988.

Continued - Note 2

EQUITY IN STATE TREASURER'S COMMON CASH FUND

Cash Items	$ 30,872.27
Cash in Transit (FY 1988 receipts collected by state agencies on or before June 30, 1988, and deposited with State Treasurer from July 1 through July 20, 1988)	62,062,667.92
Cash in Active Accounts	347,115.56
Invested in Repurchase Agreements	250,700,000.00
Invested in Active Accounts	4,888,457.19
Invested in Inactive Bank Accounts	342,152,000.00
Invested in Time Deposits Open Accounts	241,205,000.00
Loans Receivable:	
Department of Administration	
Purchase of Santa Fe Facility	10,682,750.00
Construction of State Printing Plant	3,315,167.11
Renovation of Landon State Office Building	4,130,350.20
Department of Corrections	
Purchase of Property in Jefferson County, Kansas	147,880.57
University of Kansas - Kansas City Campus	
Animal Research Facility	4,300,000.00
Kansas Water Office	
Water Supply Storage Assurance	4,000,000.00
	$927,962,260.82

3. FIXED ASSETS

Land, buildings, equipment, capital improvements and infrastructure assets are recorded as expenditures at the time of payment for their purchase or construction. Currently, these assets are not reflected on the state's balance sheets, but fixed asset records are maintained at cost through the use of agency and central accounting records primarily to insure accountability. Depreciation is not recorded in the central accounting records, but generally is maintained at the state agency level for proprietary fund type assets in conjunction with the establishment of service rates. Donated fixed assets are added to the fixed assets accountability records at their fair market value at the time of donation.

4. LEASED ASSETS

Payments made for leased assets are recorded as expenditures over the lease term as they are paid whether or not the property rights extend beyond the current fiscal reporting period. The recognition of capital leases as an asset and an obligation at the beginning of the lease term is not currently practiced, and is not reported in the accompanying financial statements. Payments made under lease-purchase options are recorded as rental expense until the purchase option is exercised, at which time the total payments to date are reflected as an addition to the fixed assets accountability records. Payments made on installment purchases for capital items are recorded at the time of payment as an addition to the fixed assets accountability records. For more information concerning lease purchase agreements, see items 28 and 31 of this section and Section XI, Exhibits F and H.

5. INVENTORIES

Purchases of materials and supplies are treated as expenditures for all fund types when payment is made. No amounts for inventories are reported in the Balance Sheet.

6. DEFERRED CHARGES/PREPAID EXPENSES

In all fund types, the item is recorded as an expenditure when payment is made. No amounts for these items are included in the Balance Sheets except for the State General Fund accrued liability for retirement contributions.

7. DEFICIT FUND BALANCES

Some of the individual funds included in the accompanying financial statements will reflect a negative unencumbered cash balance. This occurs as a result of the accounting practice to record orders for supplies, materials and equipment, services and other contractual obligations and construction contracts at the time the order or contract is let contingent upon the receiving of cash by the time actual payments become due. Generally, this deficit condition exists in the State Highway Fund and other Special Revenue Funds where federal grant cash cannot be drawn until payments are due to be made.

8. SALARIES AND WAGES

For budget and accounting purposes, salary payments by state law are charged to the fiscal year in which the last day of the payroll period occurs. The majority of the state's officers and employees are paid on a monthly basis for a period commencing on the eighteenth of one month through the seventeenth of the following month. Since costs for the payroll period commencing on June 18th are considered obligations of the succeeding fiscal year, no accrual of salary costs for the period from June 18 through June 30 are reflected in the accompanying financial statements for this

Continued - Note 8

group of employees. Costs covering payroll periods ending June 30 are reflected as either expenditures or encumbrances in the accompanying financial statements for (1) plant employees of the Division of Printing of the Department of Administration, (2) certain unclassified employees of the universities where the major responsibility is teaching, (3) members and employees of the State Legislature, (4) insurance companies' examiners of the State Insurance Department and (5) any state agency abolished at June 30 by law. The salary cost for officers and employees of the University of Kansas Medical Center for the bi-weekly payroll period ending June 25, 1988 is reflected in the accompanying financial statements as expenditures or encumbrances.

9. SICK LEAVE ACCUMULATIONS

It is the current policy to record the cost of sick leave accumulations as a current expenditure at the time of payment based upon the current pay rate at the time of usage or upon retirement. Sick leave is generally earned by employees on the basis of one day per month with unlimited accumulation and is paid when an employee is absent due to personal or family illness. Payment is made to a retiring employee for a portion of the accumulated sick leave if the accumulation exceeds 100 or more days. The portion paid is dependent upon the total number of accumulated days and years of service. The minimum amount payable is 30 days and the maximum is limited to 60 days. All such costs are recorded as current expenditures at the time of payment.

10. ANNUAL LEAVE ACCUMULATIONS

It is the current policy to record the cost of annual leave accumulations as a current expenditure at the time of payment, based upon the current pay rate at the time of usage or upon termination of employment. Classified employees earn maximum annual leave ranging from 8 to 14 hours per month, depending upon length of service. Maximum accumulations range from 144 to 240 hours depending upon length of service. Annual leave accumulations for unclassified employees are similar, but vary between state agencies. In all cases, the present policy is to fund these payments on a "pay as you go" basis.

11. EMPLOYEES GROUP HEALTH INSURANCE

For calendar year 1988, state employees were offered seven programs for health insurance coverage. All parts of the state were offered one of two Blue Cross and Blue Shield of Kansas programs: Blue Select or the Traditional program. Five Health Maintenance Organization programs in ten geographic locations were also offered. A dental plan was also offered with any medical program selected.

In calendar year 1988, employees began contributing toward payment of single only premiums based on annual salary level. Those employees who signed a non-smoker's agreement received a $10.00 discount from that monthly contribution.

Annual Salary Level	Employee contribution non-smoker	smoker
under $16,999	$ 1.00	$11.00
$17,000 - $30,000	$ 5.00	$15.00
over $30,000	$ 10.00	$20.00

Based on these figures, a state employee will contribute a portion ranging from less than one percent (for lower-income non-smokers) to 19.6 percent (for higher-income smokers) for single member coverage. From the employer's perspective, state government will pay from 80.4 to 99.0 percent of single member coverage for state employees in 1988.

Part-time employees pay 25% of their premium rate, in addition to the assessment based on salary level and smoking status.

Employees may enroll in family coverage and pay premiums through payroll deduction.

Employees may participate in the Flexible Compensation Plan which allows them to pay their portion of group health insurance premiums within pre-tax dollars. Employees participating in the Plan increase their take home pay by reducing Federal and State Income and Social Security taxes.

With medical costs continuing to rise at a rate of 20% nationally, and the poor utilization experience of the State group, health insurance rates can be expected to continue to increase.

12. RETIREMENT AND PENSION SYSTEMS AND PLANS

A. KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Kansas Public Employees Retirement System (KPERS) is a body corporate and an instrumentality of the state. KPERS is an umbrella organization which administers three state-wide coverage groups which contains various subgroups. The state-wide coverage groups are (1) the Kansas Public Employees Retirement System (KPERS), (2) Kansas Police and Firemen's Retirement System (K P & F), and (3) Retirement System for Justices and Judges. All of the coverage groups are defined benefit contributory plans which cover substantially all of the employees of the state of Kansas and units of local government in Kansas. The retirement system reserves are funded by member contributions of between 4% and 7% of compensation, employer contributions and investment income. State law provides that the employer contribution rates for all KPERS coverage groups be determined from year to year using the full funding method. This includes the current costs each year and the amortization over a 40-year period (20 years if so elected by K P & F employers) beginning in 1962 for the past service liability. The rates are determined annually by the system's actuary using the "entry age normal, with frozen initial liability" actuarial method. All local units of government electing to participate (which is irrevocable) on or after January 1, 1982 must pay its own prior service cost and this cost must be paid in full by no later than December 31, 2022.

As of December 31, 1986, (the latest date for which information is available), the actuarial liability for prior service benefits was calculated at $398,885,900 for the several coverage groups. This represents an increase over the reported amount of $390,646,600 at June 30, 1986 and is attributed to legislation which improved past service benefits and increased the past service liability to participating employers. This prior service liability amount is not reflected in the accompanying financial statements. The breakdown of this liability by each retirement system or major coverage group follows:

Continued - Note 12A

Kansas Public Employees Retirement System	$310,738,700
Kansas Police and Firemen's System	69,354,800
Kansas Public Employees Retirement System-TIAA	15,799,500
Kansas Retirement System for Judges	2,992,900
Total Unfunded Past Service Liability, December 31, 1986	$398,885,900

Group life insurance and long-term disability coverage is provided for all coverage groups and is funded entirely by employer contributions at a rate established by statute at .6% of covered payroll. All active KPERS members and all state employees prior to becoming eligible for a covered group (except K P & F members) are covered by the group life insurance contract. Active KPERS members and all state employees prior to becoming eligible for a covered group are also covered under the disability income contract. Certain employees of the State Board of Regents and state educational institutions, although not under KPERS for their basic retirement coverage, are covered under provisions of the group life insurance and long-term disability coverage.

B. OTHER RETIREMENT PLANS

Faculty and certain other employees of the State Board of Regents or educational institutions under its management may elect to become members of KPERS or be assisted by the State Board of Regents in the purchase of retirement annuities. The basic retirement plan carriers authorized by the Board include the Teachers Insurance Annuity Association and College Retirement Equity Fund (TIAA-CREF), AETNA Life Insurance Company, Lincoln National Pension Company and Union-Mutual Pension and Insurance Corporation.

The employees which are assisted by the State Board of Regents in the purchase of a retirement annuity are required to contribute 5% of their salary toward the purchase of their retirement annuity. During fiscal year 1988 the employer contributed 8%.

The faculty and certain other employees of the State Board of Regents or educational institutions who have elected assistance by the State Board of Regents may also elect to voluntarily participate in the tax sheltered annuity provisions of Internal Revenue Code of 1954 as amended, to the maximum amount allowed. This voluntary tax sheltering of more than 5% of the member's salary allows the member to purchase a tax-sheltered annuity contract as a supplement to the basic retirement program.

13. DEFERRED COMPENSATION PLAN

The state began a voluntary deferred compensation program as authorized by IRS Code Section 457 on July 1, 1980. Salary reduction agreements are made with eligible employees whereby prescribed amounts are withheld from the employees pay and remitted to the Trustee, Aetna Life Insurance and Annuity Company, which invests them in eligible Annuity products in accordance with the investment instructions of the employees. The deferred compensation is not available to employees until termination or retirement from employment, death, or unforeseeable emergency. The assets in the plan remain the property of the state until paid or made available to participants, subject only to the claims of the state's general creditors. It is unlikely the state will use the assets to satisfy claims of the general creditors. Although the state retains ownership of the deferred compensation fund, it assumes no liability for the investment results or for the ultimate payment of benefits. At June 30, 1988, the insurance company held $60,549,669.25 (market value) in trust for individual accounts of state employees participating in the deferred compensation program. Following is a summary of the deferred compensation plan activity for fiscal year 1988.

Fund Assets (at market value) July 1, 1987	$52,797,369.42
Deferrals of Compensation	10,016,831.04
Earnings and Adjustments to Market Value	2,277,421.95
Payments to Eligible Participants	(4,496,713.16)
Administrative Expenses	(45,240.00)
Fund Assets (at market value) June 30, 1988	$60,549,669.25

14. INVESTMENTS

Investments are reflected in the accompanying financial statements on an accrual basis for the Kansas Public Employees Retirement Fund and on the cost basis for certain other funds that are statutorily authorized to be separately invested. These investments on the cost basis are made by the Pooled Money Investment Board (PMIB) or by Kansas banks approved by PMIB and the investment balances are not included in the state treasurer's common-cash fund (See Note 2 of this section).

The Fish Hatchery Bond Fund investments included under the Capital Projects Funds are made by Central National Bank, Junction City. Their investment activity is supplied by the Kansas Department of Wildlife and Parks and recorded into the Central Accounting System for Kansas.

Following is a detailed listing of the investments which are reflected in the balance sheets:

Continued - Note 14

Schedule of Investments at June 30, 1988

	Investments (Cost Basis)	Cash With Banks for Purchase of Investments
Special Revenue Funds		
Kansas Department of Wildlife and Parks		
Fish and Game Conservation Fund-Investment Account	$ 946,258.13	$
Total Special Revenue Funds	$ 946,258.13	
Highway Funds		
Department of Transportation		
State Freeway Fund	85,684,071.75	
Total Highway Funds	$ 85,684,071.75	
Capital Project Funds		
Department of Administration		
1986 Certificates of Participation-Reserve Fund	4,185,070.95	
1987 Certificates of Participation-Acquisition Fund	6,581,125.00	10,757.64
1987 Certificates of Participation-Reserve Fund	1,600,000.00	
Fort Hays State University		
Physical Education Building Construction-Bond and Interest Sinking Fund	1,535,804.44	
University of Kansas-Kansas City Campus		
Medical Library Bond and Interest Sinking Fund	307,309.10	
1985 Parking Facility Refunding Revenue Bonds-Principal and Interest Fund	214,471.31	
Kansas Department of Wildlife and Parks		
Fish Hatchery Bonds-Construction Fund	597,636.07	1,730.59
Fish Hatchery Bonds-Revenue Fund	0.00	89,396.00
Fish Hatchery Bonds-Principal and Interest Fund	372,682.19	36.48
Fish Hatchery Bonds-Bond Reserve Fund	630,935.25	
Fish Hatchery Bonds-Surplus Fund	1,551,642.04	
Wichita State University		
Stadium-Bond Redemption Fund	53,836.61	
1960 Library Surplus Fund	23,086.66	
1984 Academic & Service Building-Bond Reserve Fund	300,000.00	
1984 Academic & Service Building-Surplus Fund	65,481.25	
1985 Library Bond Reserve Fund	100,000.00	
1960 Library Maintenance Reserve Fund	50,000.00	
1971 Academic & Service Building Maintenance Fund	365,115.02	
Total Capital Projects Funds	$ 18,534,195.89	$ 101,920.71

Continued - Note 14

Schedule of Investments at June 30, 1988

	Investments (Cost Basis)	Cash With Banks for Purchase of Investments
Enterprise Funds		
Fort Hays State University		
Housing System Bond and Interest Sinking Fund	$ 266,846.50	$
Department of Health and Environment		
Sewage Disposal Treatment Revenue Bond Fund	0.00	15.48
Sewage Disposal Treatment Bond and Interest Sinking Fund	884,658.00	13,164.98
Debt Service Reserve Fund	302,577.00	98.00
Kansas State University, Manhattan		
Housing Systems Operation Fund	1,594,139.13	
Student Fee Revenue Fund	655,995.00	
Housing System Repair, Equipment and Improvement Fund	2,311,112.00	
Coliseum Repair, Equipment and Improvement Fund	230,553.00	
Student Recreation Building Repair, Equipment and Improvement Fund	58,971.00	
Stadium Repair, Equipment and Improvement Fund	62,667.04	
1985 Student Fee Revenue Refunding Bond Reserve Fund	425,291.00	
Emporia State University		
Men's Dormitory No. 3-Bond and Interest Sinking Fund	131,189.53	
Student Union Bond and Interest Sinking Fund	22,092.93	
Student Union Addition Bond and Interest Sinking Fund	123,000.00	
Housing System Endowment Loan Repayment Fund	14,970.79	
Pittsburg State University		
Dormitory Fees Fund	104,900.17	
Unit A Womens Dormitory & Food Service and Unit B Mens Dormitory Addition-Project Revenue Fund	198,799.83	
East Campus Apt. I & II, & Shirk Hall-Project Revenue Fund	15,000.00	
1962 Dormitory and Student Apartments-Revenue Fund	92,003.11	
Unit A women's Dormitory & Food Service & Unit B Men's Dormitory Addition-Bond & Interest Sinking Fund	34,987.94	

Continued - Note 14

Schedule of Investments at June 30, 1988

	Investments (Cost Basis)	Cash With Banks for Purchase of Investments
East Campus Apt. I & II, & Shirk Hall Bond and Interest Sinking Fund	$ 24,991.38	$
1962 Dormatory and Student Apartment-Bond and Interest Sinking Fund	89,968.99	
1962 Dormitory and Student Apartments-Repair & Replacement Reserve Fund	91,925.13	
University of Kansas		
Student Union Renovation Fund	1,006,500.94	
Student Union Renovation Revenue Fund	184,603.15	
Housing System Bond and Interest Sinking Fund	2,059,175.93	
Housing System Repair and Replacement Reserve Fund	5,419,642.83	
Student Health Facility Maintenance Repair and Equipment Reserve Fund	397,500.00	
Student Union Renovation Bond Reserve Fund	163,594.49	
Wichita State University		
On Campus Parking-Construction and Maintenance Fund	234,917.41	
1960 Dormitory - Sinking Fund	120,000.00	
On Campus Parking-Bond and Interest Sinking Fund	323,690.06	
Stadium-Bond and Interest Sinking Fund	70,036.25	
1960 Dormitory-Repair and Replacement Reserve Fund	22,321.34	
On Campus Parking Major Maintenance Fund	311,975.80	
Stadium-Major Maintenance Reserve Fund	7,850.68	
1976 Dormitory - Bond Reserve Fund	180,000.00	
1976 Dormitory - Maintenance Reserve Fund	100,084.00	
Total Enterprise Funds	$ 18,338,532.35	$ 13,278.46
Intragovernmental Service Funds		
Department of Administration		
Wichita State Office Building Bond Reserve Fund	444,578.13	
Total Intragovernmental Service Funds	$444,578.13	
Trust and Agency Funds		
Department of Administration		
Self Insurance Reserve Fund	1,614,599.81	
Historical Society		
All Sports Hall of Fame Trust Fund	184,310.61	

Continued - Note 14

Schedule of Investments at June 30, 1988

	Investments (Cost Basis)	Cash With Banks for Purchase of Investments
Insurance Department		
Health Care Stabilization Fund	$ 44,513,474.81	$
Kansas State University, Manhattan		
State Agricultural University Fund	1,376,263.33	
Emporia State University		
State Normal School Fund	263,611.47	
Department of Corrections		
Ellsworth Correctional Work Facility-Project Fund	1,999,999.99	
Ellsworth Correctional Work Facility-Reserve Fund	1,197,375.00	
Real Estate Commission		
Real Estate Recovery Revolving Fund	144,372.17	
State Treasurer		
Stormont Library Permanent Fund	5,000.00	
University of Kansas-Humanities Building Bond and Interest Sinking Fund	499,485.61	
University of Kansas-Student Union Addition Bond and Interest Sinking Fund	249,761.80	
University of Kansas-Health Services Facilities Bond and Interest Sinking Fund	814,764.28	
University of Kansas-Student Union Annex Bond and Interest Sinking Fund	359,216.38	
University of Kansas-Satellite Union Bond and Interest Sinking Fund	1,038,710.95	
University of Kansas		
Permanent University Fund	339,735.94	
Total Trust and Agency Funds	$ 54,600,682.15	
Total Investments (Cost Basis)	$ 178,548,318.40	$ 115,199.17

Continued - Note 14

Schedule of Investments at June 30, 1988

	Investments (Accrual Basis)
Trust and Agency Funds	
Kansas Public Employees Retirement System	
Kansas Public Employees Retirement System Fund	
Temporary	$ 505,898,424.58
Kansas Capital Fund	105,000,000.00
Accumulated Depr.-Capital Tower and Other	(2,956,067.45)
Common Stock	1,121,483,730.71
Preferred Stock	30,220,921.45
Small Business Admin. Guaranteed Loans	283,611.34
Bonds - Face	1,089,246,542.51
Premiums	11,270,638.32
Discounts	(69,720,600.05)
Contracts	20,237,605.47
Real Estate	178,596,264.07
Accrued Interest Purchased	2,415,457.46
Deferred Premiums on Calls	(6,779.80)
Dividend Receivables	3,168,762.80
Interest Receivables	27,942,639.00
Receivables on Sale of Investments	56,738,647.20
Payables on Purchase of Investments	(36,657,285.87)
Other Payables	(8,837,189.69)
Mortgages (MGIC)	53,428,170.92
Capital Towers	12,206,483.21
Total Investments (Accrual Basis)	$3,099,959,976.18

15. UNEMPLOYMENT CONTRIBUTIONS

The state of Kansas is a reimbursing employer as concerns unemployment contributions to the Employment Security Fund, and as such makes quarterly payments at a previously determined fiscal year rate. The fiscal year rate is expressed as a percentage of covered total wages and is the same for all state agencies for the fiscal year determined. Due to this method of contribution to the Employment Security Fund by the various state agencies, benefit payments made during a fiscal year to former state employees may exceed the state's computed available share of the fund balance and result in a negative balance or liability. It is also possible that benefit payments made during a fiscal year to former state employees may be less than the state's computed available share of the fund balance and result in a positive balance or asset.

The fund reflects a negative balance of $55,629.28 as of June 30, 1988. This balance includes the state's payment for the quarter ending June 30, 1988 in the amount of $218,099.13 which was remitted July 30, 1988. This money was available in the Department of Administration's Unemployment Compensation Tax Clearing Fund but the payment had not been made to the Employment Security Fund as of June 30, 1988. Due to the financial reporting method currently employed by the state of Kansas, potential liabilities or cash assets in funds of this type are not recognized in the accompanying financial statements.

In fiscal year 1989, the Unemployment Compensation Insurance rate is being increased from .1% to .2%. Beginning with fiscal year 1989 statutory charges now exclude qualified employee Group Health Insurance payments from total wages. This will reduce annual contributions to the Employment Security Fund by approximately 2.5%.

16. WORKERS' COMPENSATION

Effective July 1, 1974, the state provided for the statutory workers' compensation and medical payments of state employees injured in the line of duty by becoming self-insured. The State Workmen's Compensation Self-Insurance Fund was established at that time for the payment of claims and other costs associated with administering the program. An assessment rate is determined annually and applied to state agencies' payrolls. Monthly transfers are made from the several state agency operating funds to the State Workmen's Compensation Self-Insurance Fund. The assessment rate was .7% for state agency payrolls paid from July 1, 1985 through June 30, 1987. The assessment rate was increased to .84% in fiscal year 1988. The available balance of the fund was $472,276.18 and the present value of future payments on reported claims is estimated at $12,570,572 at June 30, 1988. It is estimated that of the $12,570,572 in reported claims an amount of $5,289,440.00 may be paid in the 1989 fiscal year with the remainder to be paid in future years. The entire amount of $12,570,572 is reported in the General Long-Term Obligations Account Group (Section XI of this report).

17. CLAIMS AND JUDGMENTS

The state, its agencies and employees are parties to various legal proceedings and claims, many of which normally recur in governmental operations. A claim in the amount of $975,000 concerning the Department of Commerce has been filed with the Joint Committee on Special Claims Against the State. Numerous claims involve state warrants not timely presented for payment, property damages and losses by inmates of state institutions, employees or others and vendors providing goods or services for which payment or reservation of funds did not occur within the fiscal year in which such goods or services were provided. Based on historical experience, the amount of such claims is not material in amount.

Claims involving tort actions and other legal proceedings against the state, its agencies and employees have been filed. The ultimate dispositions and consequences of these proceedings cannot be presently determined, but the Attorney General's Office is unaware of any cases or claims likely to have a material, adverse impact on the financial position of the affected funds of the state. The Attorney General's Office is involved in litigation with a potential liability in the amount of $36,395.78 which is the amount they are recommending for settlement.

A claim filed against the Department of Social and Rehabilitation Services (SRS) by St. Francis Regional Medical Center of Wichita, Kansas for services provided to beneficiaries of the Medicaid program for the period from July 1, 1983 through June 30, 1986 was settled by agreement and order dated April 25, 1986. Under terms of the agreement and order, the Department of SRS was obligated to make payments totaling $1,850,000. During fiscal year 1988 final payment was made. This liability was reported in the General Long-Term Obligations Account Group (Section XI of this report).

The Department of Social and Rehabilitation Services legal division does have pending litigation against the department. Federal court cases pending against them have potential exposure of liability in excess of $660,000. State court cases pending against them have potential exposure of liability in excess of $3,787,000. The Department of Social and Rehabilitation Services have state and federal administrative appeals pending with potential losses in excess of $22,050,000.

Claims arising out of employment include worker compensation and unemployment. Further information on the unemployment compensation program is found in note 15 and the worker compensation program in note 16.

18. PROPERTY AND CASUALTY INSURANCE

State agencies are not allowed to purchase or carry insurance on any property owned by the state or its agencies except as expressly and specifically authorized by statute.

The exceptions authorized by statute are extremely limited in number and scope and are basically due to requirements of bond or trust agreements and Federal grants, and to the unique nature of some of the enterprise operations at the various Regents' institutions. The limited scope of these exceptions makes them relatively immaterial in nature.

The state makes no provision for anticipated losses in the event of involuntary conversions; however, a portion of the Self-Insurance Reserve Fund and the State Emergency Fund balances could be utilized in the event of an emergency. The state has had no problem in resolving past losses through utilization of resources available at the time the loss occurred.

19. CONTINGENT LIABILITY FOR RAILROAD REHABILITATION LOAN GUARANTEE

During fiscal year 1984 the Kansas Secretary of Transportation, the Federal Railroad Administration and the Mid-States Port Authority executed a "Conditional Guarantee Agreement" which obligates the state under certain conditions. This agreement was entered into in order that moneys could be loaned by the Administrator of the Federal Railroad Administration to the Mid-States Port Authority for the acquisition and rehabilitation of railroad facilities from the trustee of the Chicago, Rock Island and Pacific Railway Company. Pursuant to 505(h) of the Railroad Revitalization and Regulatory Act of 1976 the Federal Railroad Administrator agreed to purchase up to $18,000,000 principal amount of notes issued by the Mid-States Port Authority and secured by a Mortgage and Trust Agreement. Kyle Railways, Inc. has entered into a guarantee agreement by which Kyle Railways, Inc. has guaranteed all obligations of the Mid-States Port Authority to the Federal Railroad Administrator and the stockholders of Kyle have pledged their outstanding shares to the Federal Railroad Administrator as partial consideration for the purchase of the notes by the Federal Railroad Administrator. In order that the Federal Railroad Administrator purchase the notes, the Kansas Secretary of Transportation partially and conditionally guaranteed such payment obligations of the Mid-States Port Authority. In the event of a default, the Kansas Secretary of Transportation agreed under certain conditions to pay to the Federal Railroad Administrator 50% of the loss to the Federal government on the balance of the notes including principal and interest less 50% of the net amount of any assets the Federal Railroad Administrator could collect from other parties that would be applied to the payment of the principal balance of the notes. The default payment by the Department of Transportation would be contingent upon appropriations by the Legislature to the Railroad Rehabilitation Loan Guarantee Fund.

The federal loan to Mid-States Port Authority passed through the State Treasury in the "State Railroad Planning and Assistance - Federal Fund". Expenditures in the amounts of $12 million in fiscal year 1984, $3.43 million in fiscal year 1985, and $1.45 million in fiscal year 1986 were made from the "State Railroad Planning and Assistance - Federal Fund" to the Mid-

States Port Authority for the payment of federal loan moneys received from the Federal Railroad Administration. This results in a total of $16.88 million principal amount of issuance at June 30, 1987. Due to this Conditional Guarantee Agreement, if the Mid-States Port Authority would default, the state would have a contingent liability as of June 30, 1988 of $8.44 million less 50% of the net assets the Federal Administrator could collect from other parties that would be applied to the payment of the principal balance of the notes. The Trust Account of Mid-States Port Authority reflected that the minimum Revenue Fund balance of $3,710,000 was met on May 31, 1988. The first principal payment for repayment of the loan is not due for five years from the date of the original issuance and for five years only principal payments in the amount of 1/10 of the issuance amount are due. Interest begins to accrue ten years after the date of the original issuance at a rate of 15.0984%.

20. CONTINGENT LIABILITY FOR FEDERAL GRANT REIMBURSEMENTS

Federal grant programs are subject to compliance review and audit by the grantor or a cognizant agent. If expenditures are disallowed, reimbursement to the federal agency may be required. Confirmation with state agencies administering federal grant funds as of June 30, 1988, disclosed that the amount of disallowances, if any, will be immaterial.

21. ACCRUED LIABILITY FOR RETIREMENT CONTRIBUTIONS FOR CERTAIN SCHOOL EMPLOYEES

The employers' contributions for retirement purposes of the employees of the several public school districts, educational cooperatives, area vocational-technical schools and community junior colleges in Kansas is a statutory obligation assumed by the state. Transfers from the State General Fund to the Kansas Public Employees Retirement Fund occur in the quarter following the quarter of accrual.

At June 30, 1988, an accrued estimated liability of $8,681,132.01 for the quarter of April 1 through June 30, 1988 is recognized and reflected in the State General fund Balance Sheet.

22. LONG-TERM BONDED INDEBTEDNESS

The state of Kansas has no general obligation bonds outstanding. Statutory authority has been granted for the issuance of revenue bonds payable from user fees to the Board of Regents for academic and hospital facilities, student unions, dormitories and athletic facilities; to the Department of Transportation for state freeway construction; to the Department of Health and Environment for sewage treatment facilities; to the Department of Administration for the purpose of office facilities; to The Kansas Department of Wildlife and Parks for a fish hatchery; and to the Kansas Water Office for reservoir projects or the purchase of storage in existing reservoirs. The revenue bonds outstanding are reported as "Bonds Payable" in the Balance Sheets with the details of bonds outstanding reported in the General Long-Term

Continued - Note 22

Obligations Account Group. Issuance of additional revenue bonds is subject to specific legislative approval. For additional information on long-term debt, see notes 23, 24, 25, 26, 27, 28 and 31 of this section and see Section XI, "General Long-Term Obligations Account Group". Following is a schedule of the revenue bond indebtedness for the Enterprise Funds:

SCHEDULE OF REVENUE BOND INDEBTEDNESS BY ENTERPRISE FUNDS (EXPRESSED IN THOUSANDS)

DESCRIPTION OF DEBT/DATE/AMOUNT ISSUED BY AGENCY	FUTURE YR. MATURITIES	INT. RATE (%)	BEG. BALANCE	PRINCIPAL PAID FY 88	OUTSTANDING JUNE 30, 1988
Fort Hays State University K.S.A. Ch. 76, Art. 6a					
Housing System Revenue Issued Oct. 1, 1962 $2,731	1989-2003	2.75 to 3.375	1,402	82	1,320
Issued Oct. 1, 1963 $636	1989-2003	3.625	358	15	343
Issued Aug. 1, 1968 $1,050	1989-2003	3.00 to 5.00	540	40	500
Issued Feb. 1, 1969 $1,825	1989-1994	5.00 to 5.375	755	95	660
Department of Health and Environment K.S.A. Ch. 12, Art. 37					
Sewage Treatment Construction Issued June 1, 1974 $1,260	1989-1994	5.30 to 5.50	600	75	525
Issued Dec. 1, 1976 $2,255	1989-1996	5.10 to 5.75	1,330	160*	1,170
Kansas State University K.S.A. Ch. 76, Art. 6a					
Housing System Operations Issued Aug. 1, 1985 $5,095	1989-2005	6.00 to 8.90	4,830	165	4,665
Student Fee Revenue Bonds Issued Dec. 1, 1985 $3,840	1989-1995	6.35 to 7.90	3,150	270	2,880

Continued - Note 22

SCHEDULE OF REVENUE BOND INDEBTEDNESS BY ENTERPRISE FUNDS
(EXPRESSED IN THOUSANDS)

DESCRIPTION OF DEBT/DATE/AMOUNT ISSUED BY AGENCY	FUTURE YR. MATURITIES	INT. RATE (%)	BEG. BALANCE	PRINCIPAL PAID FY 88	OUTSTANDING JUNE 30, 1988
Kansas State University - Continued K.S.A. Ch. 76, Art. 6a					
Issued Nov. 1, 1986 $2,000	1989-1993	4.70 to 5.25	1,980	310	1,670
Emporia State University K.S.A. Ch. 76, Art. 6a					
Men's Residence Hall No. 2 Issued May 1, 1964 $275	Retired	3.625	8	8	0
Men's Residence Hall No. 3 Issued Apr. 1, 1969 $1,515	1989-2009	3.00 to 7.125	1,045	40	1,005
Student Union Addition Issued Apr. 1, 1970 $1,200	1989-2000	6.75 to 7.25	795	45	750
Pittsburg State University K.S.A. Ch. 76, Art. 6a					
Married Students Apartments 1 and 2 and Men's Dormitory No. 4 Issued Oct. 1, 1956 $400	1989-1997	2.75	148	13	135
Women's Dormitory and Food Service - Men's Dormitory Addition Issued Apr. 1, 1965 $1,250	1989-2005	3.75	779	30	749
Dormitory and Married Students Apartments Issued Oct. 1, 1962 $1,182	1989-2002	2.75 to 3.50	585	34	551

Continued - Note 22

SCHEDULE OF REVENUE BOND INDEBTEDNESS BY ENTERPRISE FUNDS (EXPRESSED IN THOUSANDS)

DESCRIPTION OF DEBT/DATE/AMOUNT ISSUED BY AGENCY	FUTURE YR. MATURITIES	INT. RATE (%)	BEG. BALANCE	PRINCIPAL PAID FY 88	OUTSTANDING JUNE 30, 1988
University of Kansas K.S.A. Ch. 76, Art. 6a					
Housing System Revenue Issued Apr. 1, 1964 $6,769	1989-2004	2.75 to 3.75	1,840	80	1,760
Student Union Renovation Issued Jan. 1, 1987 $3,500	1989-1997	5.20 to 8.00	3,500	270	3,230
Wichita State University K.S.A. Ch. 76, Art. 6a					
Student Union Revenue Issued Feb. 1, 1958 $1,700	1989-1997	2.875	608	57	551
Student Housing Revenue Issued Oct. 1, 1960 $1,012	1989-2001	2.75 to 3.00	368	39	329
Student Union Revenue Issued May 1, 1967 $1,800	1989-1999	4.00 to 4.50	965	65	900
Stadium Addition Revenue Issued July 1, 1969 $750	1989	4.625 to 5.00	170	50	120
Dormitory Revenue Issued June 1, 1976 $1,400	1989-1996	6.20 to 6.75	910	70	840
Total Enterprise Funds Revenue Bond Indebtedness			26,666	2,013	24,653

* Bonds totaling $40,000 were purchased on the open market for $39,932 resulting in savings of $68.

Continued

23. SEWAGE TREATMENT CONSTRUCTION GRANT REVENUE BONDS

The 1973 Kansas Legislature authorized the Kansas Secretary of Health and Environment to issue revenue bonds, not to exceed $20 million, for the purpose of providing grants to political subdivisions for the construction of sewage disposal facilities. Revenue bonds were issued during the 1974 and 1977 fiscal years totaling $3,515,000 with maturities extending to the mid-1990's. The bond principal and interest are payable solely from sewer service charges imposed by the Secretary of Health and Environment and collected in accordance with grant agreements entered into with the political subdivisions. These revenues had been pledged and assigned to a trustee bank under terms of the bond issue. In conjunction with these bond issues, the state was required to transfer to a bond reserve fund an amount equal to the maximum annual debt service requirements. To satisfy this requirement, the 1973 Legislature appropriated $1,500,000 from the State Self-Insurance Reserve Fund and created a first claim and lien of this amount for the debt service reserve obligations related to the Sewage Treatment Construction Grant Revenue Bonds. Through June 30, 1988, two transfers totaling $302,675 were made during the 1974 and 1977 fiscal years from the State Self-Insurance Reserve Fund to the respective Debt Service Reserve Funds. For additional information, see note 22.

24. WATER SUPPLY STORAGE IN FEDERAL RESERVOIRS

The Kansas Water Office has executed nine agreements to reimburse the Federal Government for the added cost incurred in providing water storage capacity in federal flood control reservoirs as permitted by the Federal Water Supply Act of 1958. In addition, assurances have been made to the federal government that the state would participate in additional federal flood control reservoirs to provide water storage capacity to meet anticipated future needs of the people of the state of sufficient supplies of water. Under the federal act, the costs of construction allocated to water storage capacity in federal flood control reservoirs are to be repaid by the state within a 50 year period or the life of the reservoir (whichever is shorter), beginning with the date the state first uses or exercises control of the storage space. All future use storage space repayments are subject to a 10-year interest-free period. Immediate use portions of any reservoir (the storage space in excess of the 30% allowed under the 1958 Federal Water Supply Act) must be paid for over 50 years beginning with the completion of the reservoir. Under five of the nine contracts, the state has the option to use or exercise control of the future use portion of storage incrementally and to defer payment of principal and interest until the future use storage space is called into use. Provision for raising funds for the payment of additional construction costs for federal flood control facilities for water storage capacity, interest on debt, operating and maintenance cost charged to the state has been made by providing for the sale of water to municipal and industrial users. Agreements with 21 municipal and industrial water users raised $1,043,703 in fiscal year 1988 to defray a portion of the $1,932,656 in payments required under these agreements. The total principal amount recorded at June 30, 1988 and due the federal government is 17.8 million. Principal payments have been deferred on an additional total principal balance of $46 million as of June 30, 1988 on future use storage space that has not been called into use. Additional information and details concerning the debt principal are contained in Exhibit G, Section XI, General Long-Term Obligations Account Group.

Continued

25. OUTSTANDING LOANS

25A. DEPARTMENT OF ADMINISTRATION FOR PURCHASE OF LANDON STATE OFFICE BUILDING FACILITY

A loan of $11,245,000 to the Department of Administration by the State Pooled Money Investment Board was made from the common cash pool of the State Treasury on March 11, 1983 for the purchase of the Landon State Office Building Facility at 900 Jackson Street, Topeka, Kansas. Loan terms provide for the payment of interest at a rate of 7.9% on the outstanding principal. The first principal payment of $562,250 plus the interest accrued from March 11, 1983 through August 31, 1986 ($3,088,554.78) was made on September 1, 1987. Principal payments of $562,250 plus accrued interest are due on July 1, 1988 and on each July 1 thereafter through July 1, 2006. The loan principal and accrued interest is payable from rental charges imposed upon state agencies occupying space in the facility. The outstanding loan balance at June 30, 1988, is $10,682,750.00.

25B. DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES FOR ADULT CARE HOMES LAWSUIT SETTLEMENT

A loan in the amount of $12,000,000 was made to the Department of Social and Rehabilitation Services by the State Pooled Money Investment Board from the common cash pool of the State Treasury for settlement of the case filed by nursing homes (Country Club Home, Inc. et al v. Robert C. Harder, as Secretary of Social and Rehabilitation Services, Case No. 81-EV-1041, District Court of Sedgwick County, Kansas). The loan amount was transferred to the Adult Care Homes Lawsuit Settlement Fund on June 30, 1985. Terms of the loan agreement provide for interest to be paid at a rate of 8.18% from the date the proceeds are withdrawn from the State Treasury which occurred on July 11, 1985. The loan principal and interest was to be paid on or before July 1, 1988. The state received $4,157,348 of the loan amount from the federal government during fiscal year 1986 as reimbursement of the amount paid in settlement of the lawsuit and this was applied to the loan principal. The balance of the principal and interest on the loan was paid on June 30, 1988 from the State General Fund. (See Exhibit E of the General Long-Term Obligations Account Group, Section XI).

25C. DEPARTMENT OF ADMINISTRATION FOR CONSTRUCTION OF A STATE PRINTING PLANT

Loans in the amount of $3,856,900 were made to the Department of Administration by the State Pooled Money Investment Board from the common cash pool of the State Treasurer for the construction of a new printing plant. The loan amount was reduced to $3,571,900 by the return of $285,000 of unused funds to the State Pooled Money Investment Board. The interest is fixed at the rate paid on inactive bank accounts. Commencing in calendar year 1986, the loan principal and accrued interest is to be paid annually for a period of not more than 25 years from revenues derived from charges for printing services provided to state agencies. The outstanding loan balance at June 30, 1988 is $3,315,167.11.

25D. DEPARTMENT OF CORRECTIONS FOR PURCHASE OF PROPERTY IN JEFFERSON COUNTY

In May, 1986 the State Pooled Money Investment Board loaned $175,000 from the common cash pool of the State Treasury to the Department of Corrections for the purchase of certain property located in Jefferson County. The rate of interest is to be adjusted annually on the anniversary date of the loan at a rate equal to the rate to be paid on inactive bank accounts of the state. Principal and interest payments are to be made at least annually for a period of not more than 10 years with the amounts being recomputed annually to reflect the revised interest rate. These payments are to be made solely from revenues credited to the Correctional Industries Fund or as otherwise provided by law. The outstanding loan balance at June 30, 1988 is $147,880.57.

25E. STATE BOARD OF REGENTS FOR ANIMAL RESEARCH FACILITY AT THE UNIVERSITY OF KANSAS MEDICAL CENTER

To construct and equip a facility for the care of and clinical research on animals at the University of Kansas Medical Center, State Pooled Money Investment Board loaned $4,300,000 from the common cash pool of the State Treasury on December 15, 1986. Commencing on the loan date, the loan is to bear interest at the rate equal to the rate to be paid on inactive bank accounts of the state as of January 1, 1986. Thereafter each year the rate of interest is to be fixed on January 1 at a rate equal to the rate to be paid on inactive bank accounts of the state effective on such date. Annual principal and interest payments are to be made over a period of 20 years starting on the first day of the twenty fourth month after the loan date. The repayment amounts are to be recalculated each year to reflect the revised interest rate and are to be calculated on a substantially level payment basis. The loan principal and interest shall be paid solely from moneys credited to and available in the Animal Research Facility Debt Service Fund or as otherwise provided by law. At June 30, 1988 the outstanding loan balance was $4,300,000.00. (See Exhibit E of the Long-Term Obligations Account Group, Section XI).

25F. DEPARTMENT OF ADMINISTRATION FOR RENOVATION OF THE LANDON STATE OFFICE BUILDING FACILITY

To provide for the payment of the costs of making renovations to the Landon State Office Building Facility, the State Pooled Money Investment Board loaned from the common cash pool of the State Treasury $4,530,000 to the Department of Administration. Commencing on January 1, 1988, the loan shall bear interest and the rate of interest shall be fixed each January 1 at a rate equal to the rate to be paid on inactive bank accounts of the state on such date. Principal and interest payments

Continued - Note 25F

are to be made annually for a period of 15 years commencing in March, 1988. The payment amounts are recomputed each year to reflect the revised interest rate and are calculated on a substantially level payment basis. At June 30, 1988 the outstanding loan balance was $4,130,350.20.

25G. LOAN TO KANSAS WATER OFFICE FOR WATER SUPPLY STORAGE

The Pooled Money Investment Board loaned $4,000,000 to the Kansas Water Office on July 1, 1988 from the common cash pool of the State Treasury. The loan provides the earnest money required as part of a memorandum of understanding between the State of Kansas and the United States Department of the Army concerning the purchase of municipal and industrial water supply storage and is on deposit in the Water Supply Storage Assurance Fund. The loan bears interest equal to the amount of interest earned on moneys in the Water Supply Storage Assurance Fund with interest payments due annually on July 1 until the repayment date of the loan. The loan principal and interest shall be paid in full on July 1, 1996. (See Exhibit E of the General Long-Term Obligations Account Group, Section XI).

25H. EMPORIA STATE UNIVERSITY FOR RETIREMENT OF HOUSING AND STUDENT UNION BOND ISSUES

Bonds held by the U.S. Department of Education were prepaid in Fiscal Year 1987 under the Higher Education Amendments of 1986, Public Law 99-496 with the approval of the Kansas Board of Regents. The Emporia State University Endowment Association provided part of the funds required for this prepayment through a 10 year, 9% loan in the amount of $544,600 which is to be repaid with semi-annual principal and interest payments of $41,866.76 on October 1, and April 1. The first payment on this loan was made on October 1, 1987. Under the terms of the loan agreement, one-half of the annual debt service savings generated by the prepayment is to be placed in a separate fund which is not to be used for any purpose other than loan repayment without the express consent of the endowment Association Executive Committee. The prepayment resulted in net savings of about $270,000. At June 30, 1988 the outstanding balance of the loan was $509,099.29.

25I. SCHEDULE OF LOANS OUTSTANDING (EXPRESSED IN THOUSANDS)

DESCRIPTION OF DEBT/DATE/AMOUNT ISSUED BY AGENCY	FUTURE YR. MATURITIES	INT. RATE (%)	BEG. BALANCE	PRINCIPAL PAID FY 88	OUTSTANDING JUNE 30, 1988
Enterprise Funds					
Emporia State University					
U.S.D.E. Bond Prepayment Loan April 1, 1987 $544.6	1989-1997	Adjusted Annually	545	36	509

Continued - Note 25I

DESCRIPTION OF DEBT/DATE/AMOUNT ISSUED BY AGENCY	FUTURE YR. MATURITIES	INT. RATE (%)	BEG. BALANCE	PRINCIPAL PAID FY 88	OUTSTANDING JUNE 30, 1988
Intragovernmental Service Funds Department of Administration					
State Buildings Operating Fund - 900 Jackson Street (Landon State Office Building) Purchase March 11, 1983 (K.S.A. 75-3650) $11,245	1989-2007	7.90	11,245	562	10,683
Santa Fe Office Building Renovation Fund July 11, 1986 (K.S.A. 75-3678) $4,530	1989-2002	Adjusted Annually	4,530	400	4,130
Department of Administration-Division of Printing					
Intragovernmental Printing Service Fund-Printing Plant Construction Loan July, 1984 (K.S.A. 75-3676) $3,857	1989-2010	Adjusted Annually	3,372	57	3,315
Department of Corrections-Correctional Industries					
Correctional Industries Fund-Real Estate Acquisition May, 1986 (K.S.A. 75-52,119) $175	1989-1996	Adjusted Annually	162	14	148
Total					$18,785

26. BOND DEFEASANCE

During fiscal year 1983 the Board of Regents entered into trust agreements with the State Treasurer to defease the University of Kansas' Humanities Building Revenue Bonds, Student Union Additional Revenue Bonds, Student Health Facility Revenue Bonds, Student Union Annex Revenue Bonds and Satellite Student Union Building Revenue Bonds. These bonds were defeased by transferring amounts to the State Treasurer sufficient to purchase direct U.S. Government Obligations to be held in trust by the Trustee (State Treasurer) in order to make payments of the bond principal and interest when due. Moneys were transferred and the State Treasurer acting as Trustee and acting through the State Pooled Money Investment Board acquired direct U.S. Government Obligations with such transferred amounts. Non-Expendable Trust Funds in the Trust and Agency class of funds were established for the State

Treasurer to account for the money transferred for the bond defeasance, to record the investment in the direct U.S. Government Obligations and to record the payment by the State Treasurer to the Fiscal Agency Fund of the principal and interest payments to the holders of the bonds.

During fiscal year 1984 The Kansas Department of Wildlife and Parks Commission defeased the Fish Hatchery Gross Revenue Bonds, Series 1982 by issuing Refunding Bonds, and transferring amounts to the Trustee, Central National Bank, Junction City, Kansas (see Note 27).

During fiscal year 1985 Wichita State University defeased the Academic and Service Building Revenue Bonds, Series 1971 by issuing the Academic and Service Building Refunding Revenue Bonds, Series 1984 and transferring amounts to the Escrow Trustee, The Southwest National Bank of Wichita. Per the Escrow Trust Agreement the escrowed securities and moneys with the escrow trustee in the Escrow Trust Account should be sufficient to make all principal and interest payments on the bond payment dates for the 1971 Academic and Service Building Revenue Bonds. This agreement also provides that the Escrow Trustee, rather than making these principal and interest payments, transfers the moneys for the principal and interest payments to Wichita State University's 1971 Academic and Service Building Bond and Interest Sinking Fund. This defeased debt has the interest and principal payments processed in the 1971 Academic and Service Building Bond and Interest Sinking Fund.

During fiscal year 1985 Wichita State University also defeased the Library Revenue Bonds of 1960, Series B by issuing the Library Refunding Revenue Bonds, Series A, 1985 and transferring amounts to the Escrow Trustee, The Southwest National Bank of Wichita. Per the Bond Resolution and Escrow Trust Agreement the proceeds of the Series A, 1985 Bonds together with the other available funds were deposited into the Escrow Trust Account sufficient to purchase certain Government Securities to provide for the payment of the Series B, 1960 Bonds. The Escrow Trust Agreement also provides that the Escrow Trustee transfers the moneys for the principal and interest payments to the 1960 Library Bond and Interest Sinking Fund. The bond payments for this defeased debt is then processed in this fund in the Central Accounting System for Kansas.

During fiscal year 1985, the Department of Transportation defeased the outstanding Highway Bonds by issuing Highway Refunding Bonds, Series 1985 and transferring moneys from the State Freeway Fund and Sinking Fund to the Escrow Fund of the Escrow Trustee, Bank IV Topeka, N.A. (formerly the First National Bank of Topeka, Kansas). The moneys in the Escrow Fund are to be invested per the trust agreement in certain United States Treasury Obligations, State and Local Government Series and U.S. Obligations in order to transfer sufficient amounts on the necessary dates from the Escrow Fund to the paying agent for the payment of the principal and interest on the outstanding Highway Bonds that were defeased. The Escrow Fund is outside the State Treasury and is not recorded in the Central Accounting System for Kansas.

During fiscal year 1986, the Department of Transportation defeased the outstanding Highway Refunding Bonds, Series 1985 by issuing Highway Refunding Bonds, Series 1985A and transferring moneys from funds of the Secretary of Transportation to the Escrow Trustee, the Security Bank of Kansas City, in the City of Kansas City, Kansas.

The moneys in the Escrow Fund of the Escrow Trustee are to be invested per the trust agreement in certain State and Local Government Series Obligations and United States Obligations in order to pay in the sufficient amounts on the necessary dates the principal and interest payments on the defeased Highway Refunding Bonds Series 1985. The Escrow Fund is outside the State Treasury and is not recorded in the Central Accounting System for Kansas.

During fiscal year 1986, Kansas State University defeased Housing System Revenue Bonds, Series 1962, Series 1964-D, Series 1964-E, Series 1964-G, Series 1965 and Series 1966 by issuing Housing System Revenue Refunding Bonds and transferring amounts to the Escrow Trustee, Bank IV Topeka, N.A. (formerly First National Bank of Topeka). Per the Bond Resolution and the Escrow Trust Agreement proceeds from the refunding bond issue together with other available moneys are sufficient to purchase certain government securities to provide for the payment of the outstanding Housing Revenue Bonds defeased. The Escrow Trust Agreement sets forth the specific investments of the Escrow Trust Account in United States Treasury Obligations - State and Local Government Series and United States Treasury Obligations - Open Market Obligations. The bond payments for the defeased debt are being recorded in the Center Accounting System for Kansas.

During Fiscal year 1986,Kansas State University also defeased the Student Union Annex Revenue Bonds, Series 1961, the Stadium Revenue Bonds, Series 1967, the Student Union Annex Revenue Bonds, Series 1968, and the Student Recreational Building Revenue Bonds, Series 1977 by issuing Student Fee Revenue Refunding Bonds, Series 1985 that were deposited with the Escrow Trustee, Bank IV Manhattan (formerly the First National Bank of Manhattan), Manhattan, Kansas. Per the Bond Resolution and Escrow Trust Agreement, from proceeds of the refunding bond issues a sum sufficient to purchase certain Government Securities to provide for the payments of the outstanding defeased bonds is to be deposited in the Escrow Trust Account. The bond payments on the defeased debt are being recorded in the Central Accounting System for Kansas.

During fiscal year 1986, the University of Kansas Medical Center defeased the Parking Facility Revenue Bonds, Series 1978 and the Hospital Revenue Bonds, Series 1976 (Clinical Facility) by issuing Parking Facility Refunding Revenue Bonds, Series 1985 and by issuing the University of Kansas Medical Center Hospital Refunding Revenue bonds. The bond resolutions from both of the refunding issues provided that Escrow Trust Accounts be established with the Escrow Trustee, the Security Bank of Kansas City, Kansas City, Kansas. Per the bond resolutions and the trust agreements for each refunding issue, the bond proceeds together with other available moneys are to be deposited in the Escrow Trust Account and the sum of which is sufficient to purchase certain Government Securities to provide for the payments on the defeased bonds.

None of the defeased bonds appear in the balance sheets.

Continued

27. FISH HATCHERY REVENUE BONDS

The Kansas Department of Wildlife and Parks effective in fiscal year 1988, was authorized by the 1982 Session of the Legislature to issue revenue bonds to finance construction of a fish hatchery in Geary County, Kansas. The Commission issued $6,000,000 of Fish Hatchery Gross Revenue Bonds, Series 1982. The outstanding balance of the 1982 Series bonds in the amount of $5,820,000 was subsequently defeased by the issuance of $4,650,000 Gross Revenue Refunding Bonds, Series 1984. Moneys together with interest to be earned on obligations of the government of the United States were transferred in a sufficient amount to a trustee bank to satisfy the debt service requirements of the 1982 Series bonds.

Revenues for the payment of the outstanding bond principal and accrued interest costs are provided by the sale of fish hatchery stamps which are affixed to all fishing licenses issued by the Kansas Fish and Game Commission.

Additional information concerning the outstanding principal debt, interest rates and dates of maturity is reflected in the General Long-Term Obligations Account Group (Section XI).

28. CERTIFICATE OF PARTICIPATION FINANCING

A lease with option to purchase agreement was made in June, 1985 between the University of Kansas Medical Center and Public Leasing Corporation. It included 60 monthly rental payments of $39,080 commencing on July 15, 1985 for a nuclear magnetic resonance imaging system. The principal balance at June 30, 1988 was $889,435.

The state is responsible only for payments under the lease purchase agreements which are subject to appropriations by the Legislature. The contract agreement gives legal title of the equipment to the state during the term of the lease and so long as the state is not in default under the agreement and requires the state to maintain adequate insurance coverage for the designated equipment. The agreement also has an option to purchase clause on any payment date for a stated purchase option price with the property belonging to the state after the last payment date.

During fiscal year 1987 the state of Kansas issued the 1986 Certificates of Participation in the principal amount of $35,720,000. The 1986 Certificates of Participation had an outstanding principal balance of $28,055,000 as of June 30, 1988.

During fiscal year 1988, Certificates of Participation dated Dec. 1, 1987, in the amount of $16,280,000 were issued pursuant to a lease purchase agreement between the State of Kansas as lessee and the Kansas Finance Development Authority as lessor with Merchants National Bank of Topeka as trustee. The 1987 Certificates of Participation had an outstanding principal balance June 30, 1988 of $15,640,000.00. The agencies make payments for the equipment to the Department of Administration Certificates of Participation funds which are used in connection with the State of Kansas Certificates of Participation financing. The agencies payments are capitalized at the time of payment. The purchases of the equipment from the Certificates of Participation funds are not capitalized in the Central Accounting system for Kansas. Additional information and details concerning the debt principal for the Certificates of Participation financing are contained in Section XI, General Long-Term Obligations Account Group. Following are Department of Administration Certificates of Participation financial statements in connection with the Certificates of Participation issues.

Continued - Note 28

1986 Certificates of Participation
Statement of Revenues and Expenses
For the Period
July 1, 1987 - June 30, 1988

Revenues:		
Agency Receivables Collected:		
New and Refinanced Equipment, 1985 Issue	2,541,303.71	
New and Refinanced Equipment, 1986 Issue	3,027,913.95	
Telecommunications Equipment	1,709,643.12	
Total Receivables Collected	7,278,860.78	
Interest Earnings:		
Acquisition Fund	265,854.95	
Capitalized Interest	21,698.27	
Clearing Fund	157,212.92	
Lease Payment Fund	0.00	
Reserve Fund	309,983.51	
Redemption Account	0.00	
Total Interest Earnings	754,749.65	
Total Revenues		8,033,610.43
Expenses:		
Administrative Expenses	51,642.96	
Amortization of Prepaid Expenses	61,760.06	
Redemption Expense	0.00	
Issuance Expense	19,727.00	
Interest Expense	2,019,342.50	
Amortized Discount	70,875.00	
Total Interest Expense	2,090,217.50	
Total Expenses		2,223,347.52
Revenues over Expenses - FY 1988		5,810,262.91

Continued - Note 28

1986 Certificates of Participation
Statement of Sources and Uses of Funds
For the Period
July 1, 1987 - June 30, 1988

Sources:		
Certificate Proceeds		0.00
Agency Receivables Collected		
New and Refinanced Equipment, 1985 Issue	2,541,303.71	
New and Refinanced Equipment, 1986 Issue	3,027,913.95	
Telecommunications Equipment	1,709,643.12	
Total Receivables Collected	7,278,860.78	
Prepayments Reserved for Substitutions	672,179.80	
Other Prepayments	(32,991.08)	
Interest Earnings		
Acquisition Fund	265,854.95	
Capitalized Interest	21,698.27	
Clearing Fund	157,212.92	
Lease Payment Fund	0.00	
Reserve Fund	309,983.51	
Redemption Account	0.00	
Total Interest Earnings	754,749.65	
Total Collected and Earned		8,672,799.15
Total Sources		8,672,799.15
Uses:		
Agency Equipment Purchases		
Redemption of 1985 Issue		
New and Refinanced Equipment	0.00	
Telecommunications Equipment	0.00	
Total Redemption	0.00	
1986 Issue		
New and Refinanced Equipment	1,530,317.11	
Telecommunications Equipment	3,503,431.46	
Total Purchases, 1986 Issue	5,033,748.57	
Total Purchases		
Cost of Issuance	0.00	
Administrative Expenses	51,642.96	
Prepaid Expenses	(10,017.76)	
Redemption Expense	0.00	
Semi-Annual Lease Payment, P&I	7,689,342.50	
Total Uses		12,764,716.27
Total Uses over Sources - FY 1988		4,091,917.12

Continued - Note 28

1986 Certificates of Participation
Balance Sheet, Page 1
As of June 30, 1988

Assets:		
Certificate Funds:		
Acquisition Fund - with Treasurer	118,341.10	
Acquisition Fund Invested	0.00	
Acquisition Fund Investment Premium	0.00	
Total Acquisition Fund	118,341.10	
Clearing Fund - with Treasurer	2,692,063.00	
Lease Payment Fund - with Treasurer	21,230.68	
Reserve Fund - with Treasurer	184,898.43	
Reserve Fund Invested	3,855,000.00	
Reserve Fund Investment Premiums	216,239.33	
Reserve Fund Investment Discounts	(8,137.76)	
Total Reserve Fund	4,248,000.00	
Capitalized Interest Fund - with Treasurer	61,383.84	
Capitalized Interest Fund Invested	0.00	
Total Capitalized Interest Fund	61,383.84	
Total Certificate Funds		7,141,018.62
Receivable from Agencies:		
New and Refinanced Equipment, 1985 Issue	1,760,464.50	
Less: Advance Payments	(79,427.44)	
Net Receivables: 1985 Issue	1,681,037.06	
New and Refinanced Equipment, 1986 Issue	7,844,722.90	
Less: Advance Payments	(121,398.38)	
Net Receivables: New	7,723,324.52	
Telecommunications Equipment	17,304,235.14	
Total Receivables from Agencies		26,708,596.72
Agency Equipment Purchases:		
Redemption of 1985 Issue		
New and Refinanced Equipment	5,875,261.00	
Telecommunications Equipment	2,605,554.38	
Total Redemption	8,480,815.38	
1986 Issue		
New and Refinanced Equipment	10,988,576.51	
Telecommunications Equipment	10,077,250.39	
Total Purchases, 1986 Issue	21,065,826.90	
Total Purchases, Gross	29,546,642.28	
Prepmts. Reserved for Substitution	(681,624.61)	
Total Purchases, Net		28,865,017.67

Continued - Note 28

1986 Certificates of Participation
Balance Sheet, Page 2
As of June 30, 1988

Other Assets:		
Cost of Issuance	131,500.00	
Prepaid Expenses	610,111.55	
Accrued Interest Receivable	0.00	
Total Other Assets		741,611.55
Total Assets		63,456,244.56
Liabilities:		
Certificates Payable	28,055,000.00	
Less: Unamortized Discount	(350,687.50)	
Certificates Payable Less Unamortized Discount		27,704,312.50
Deferred Revenue		
New and Refinanced Equipment, 1985 Issue	1,681,037.06	
New and Refinanced Equipment, 1986 Issue	7,723,324.52	
Telecommunications Equipment	17,304,235.14	
Total Deferred Revenue		26,708,596.72
Agency Prepayments		0.00
Total Liabilities		54,412,909.22
Fund Balance:		
Revenues over Expenses		9,043,335.34
Total Liabilities and Equity		63,456,244.56

Continued - Note 28

1987 Certificates of Participation
Statement of Revenues and Expenses
For the Period
December 1, 1987 - June 30, 1988

Revenues:		
Agency Receivables Collected	612,120.25	
Interest Earnings:		
Acquisition Fund	283,031.90	
Capitalized Interest	290.62	
Clearing Fund	5,185.17	
Lease Payment Fund	176.37	
Reserve Fund	63,646.62	
Total Interest Earnings *	352,330.68	
Total Revenues		964,450.93
Expenses:		
Administrative Expenses	0.00	
Issuance Expense	88,716.66	
Interest Expense	494,260.26	
Amortized Discount	5,760.00	
Total Interest Expense	588,736.92	
Total Expenses		588,736.92
Revenues over Expenses - FY 1988		375,714.01

* Earnings in excess of those allowed by federal regulations are subject to rebate to the federal government at each one-year anniversary of the issue date. Any excess earnings as of December 1 will become a liability of the program. As of the date of this statement, $14,815.37 in excess earnings have accumulated.

Continued - Note 28

1987 Certificates of Participation
Statement of Sources and Uses of Funds
For the Period
December 1, 1987 - June 30, 1988

Sources:		
Certificate Proceeds		16,139,033.49
Agency Payments		
Agency Receivables Collected	612,120.25	
Agency Prepayments	288,374.44	
Total Agency Payments	900,494.69	
Interest Earnings		
Acquisition Fund	283,031.90	
Capitalized Interest	290.62	
Clearing Fund	5,185.17	
Lease Payment Fund	176.37	
Reserve Fund	63,646.62	
Total Interest Earnings	352,330.68	
Total Collected and Earned		1,252,825.37
Total Sources		17,391,858.86
Uses:		
Agency Equipment Purchases	7,508,955.18	
Cost of Issuance	169,181.66	
Administrative Expenses	0.00	
Semi-Annual Lease Payment, P&I	1,139,813.75	
Total Uses		8,817,950.59
Total Sources over Uses - FY 1988		8,573,908.27

Continued - Note 28

1987 Certificates of Participation
Balance Sheet
As of June 30, 1988

Assets:		
Certificate Funds:		
Acquisition Fund - with Treasurer	141,748.37	
Acquisition Fund Invested	6,069,000.00	
Acquisition Fund - with Trustee	512,125.00	
Total Acquisition Fund	6,722,873.37	
Clearing Fund - with Treasurer	170,391.82	
Lease Payment Fund - with Treasurer	41,842.06	
Lease Payment Fund - with Trustee	10,757.64	
Total Lease Payment Fund	52,599.70	
Reserve Fund - with Treasurer	28,000.00	
Reserve Fund Invested	1,600,000.00	
Total Reserve Fund	1,628,000.00	
Capitalized Interest Fund - with Treasurer	43.38	
Total Certificate Funds		8,573,908.27
Receivable from Agencies	9,549,106.03	
Less: Advance Payments	(3,430.45)	
Total Receivables from Agencies		9,545,675.58
Agency Equipment Purchases	7,524,646.77	
Prepmts. Reserved for Substitution	(15,691.59)	
Total Purchases, Net		7,508,955.18
Cost of Issuance		80,465.00
Total Assets		25,709,004.03
Liabilities:		
Certificates Payable	15,640,000.00	
Less: Unamortized Discount	(140,760.00)	
Certificates Payable Less Unamortized Discount		15,499,240.00
Accrued Interest Payable		0.00
Deferred Revenue		9,545,675.58
Agency Prepayments		288,374.44
Total Liabilities		25,333,290.02
Fund Balance:		
Revenues over Expenses		375,714.01
Total Liabilities and Equity		25,709,004.03

Continued

29. COMMITMENTS FOR FUTURE YEAR OBLIGATIONS

The state of Kansas has some outstanding multi-year contracts that have not been recorded in the financial statements. The majority of those contracts relate to construction contracts. Following is a schedule of these future year obligations outstanding June 30, 1988:

SCHEDULE OF FUTURE YEAR OBLIGATIONS

Obligations for Fiscal Year 1989 Agency/Fund	Amount
State General Fund	
Kansas Correctional Institution at Lansing	
Construct New Inmate Food Service and Support Programs Building	$ 339,836.00
TOTAL STATE GENERAL FUND	$ 339,836.00
Capital Project Funds	
Kansas State University	
Kansas Educational Building Fund - Construct Chemistry-Biochemistry Building	750,069.00
Larned State Hospital	
State Institutions Building Fund- Construct and Equip New Treatment Facility to Replace Pinel and Rush Buildings	3,103,700.00
University of Kansas	
Kansas Education Building Fund- Construct and Equip Science Library	5,250,000.00
Wichita State University	
Kansas Educational Building Fund-Addition to and Remodeling of Ablah Library	$ 709,149.00
TOTAL CAPITAL PROJECTS	$ 9,812,918.00
Total for Fiscal Year 1989	$10,152,754.00

Continued - Note 29

Obligations for Fiscal Year 1990

Capital Project Funds

Larned State Hospital State Institutions Building Fund - Construct and Equip New Treatment Facility to Replace Pinel and Rush Buildings	$ 1,923,500.00
University of Kansas Kansas Educational Building Fund - Construct and Equip Science Library	682,000.00
TOTAL CAPITAL PROJECT FUNDS	$ 2,605,500.00
Total for Fiscal Year 1990	$ 2,605,500.00
Total Future Year Obligations	$12,758,254.00

Continued

30. INMATE, PATIENT AND CLIENT MONEYS

Represents the amount of Inmate, Patient and Client Moneys held by state agencies in trust and canteen and benefit funds (See Section VIII, Trust and Agency Funds Comparative Combined Balance Sheet). The amounts by agency are as follows:

Agency	Trust Funds	Canteen and Benefit Funds
Correctional-Vocational Training Center	$ 9,078.78	$ 15,243.86
Kansas Correctional Institution at Lansing	61,601.27	45,408.01
Industrial Reformatory	83,073.94	142,483.56
Youth Center at Topeka	45,372.32	22,545.19
Youth Center at Beloit	9,431.82	10,681.18
Youth Center at Atchison	24,264.13	6,047.02
Kansas Neurological Institute	67,009.62	30,977.02
Larned State Hospital	60,175.93	124,319.90
Osawatomie State Hospital	42,473.74	119,232.41
Parsons State Hospital and Training Center	61,974.27	24,921.59
Department of Corrections		
El Dorado Honor Camp	1,605.69	8,612.89
Toronto Honor Camp	1,480.46	6,658.53
Wichita Work Release Center	48,336.38	5,934.58
Topeka Pre-Release	5,108.38	9,700.49
Winfield Pre-Release	7,307.00	15,814.06
Osawatomie Work Facility	1,637.13*	4,712.84*
Norton Work Facility	11,650.56*	13,810.46*
Forbes Work Release	18,460.14*	3,549.34*
Ellsworth Work Facility	0.00	4,500.00*
Penitentiary, State	130,665.36	197,081.65
Kansas Reception and Diagnostic Center	9,495.46	17,432.13
Rainbow Mental Health Facility	0.00	33.16
Norton State Hospital	24,184.23	20,096.32
School for the Visually Handicapped	2,798.07	12,909.25
School for the Deaf	10,175.36	173.68
Dept. of Soc. & Rehab. Services, Voc. Rehab. Units	5,001.88	0.00
Kansas Soldiers Home	118,528.77	52,826.69
Topeka State Hospital	34,713.67	33,340.17
Winfield State Hospital and Training Center	208,168.84	81,118.94
TOTAL INMATE, PATIENT AND CLIENT MONEYS HELD IN CUSTODIANSHIP	$1,103,773.20	$1,030,164.92

*New Funds in Fiscal Year 1988

Continued

31. KANSAS DEVELOPMENT FINANCE AUTHORITY FINANCING

The Kansas Development Finance Authority (the Authority) is an independent instrumentality of the State of Kansas which was created (K.S.A. 74-8901 et seq) for the primary purpose of enhancing the ability of the State to finance capital improvements and improving access to long-term financing for state agencies, political subdivisions, public and private organizations and businesses. The Authority was the financing facilitator for the 1987 Certificates of Participation issue (See Section XII, Note 28). In addition to the Certificates of Participation, the Department of Administration is committed to payments amounting to the principal stated plus the interest due thereon to the Authority for the following bonds which were issued by the Authority. When the obligation is paid in full, the property becomes the property of the State.

DESCRIPTION OF OBLIGATION/ DATE INCURRED/TOTAL AMOUNT (By Fund Class and Agency)	Payments Through	Obligations Outstanding June 30, 1988
Intragovernmental Service Funds		
Department of Administration Wichita State Office Building December 1, 1987 $4,535,000	June, 2003	$4,535,000

SECTION XIII

DIRECTORY OF STATEMENTS INCLUDED IN VOLUME II

STATEMENTS INCLUDED IN VOLUME II

Analysis of Appropriation Accounts--Schedule "A"

Statement of Change in Fund Balance--Schedule "B"

Statement of Revenue--Schedule "C"

Analysis of State Tax Accounts--Statement "C"

Analysis of State Tax Accounts by County--Schedule "C-I" and "C-II"

Valuation and Tax Levied--Schedule "C-III"

Estimated Motor Vehicle Taxes--Schedule "C-IV"

Receipts from Counties--Statement "D"

Comparison of Expenditures (Including Encumbrances)
Applicable to Fiscal Year 1988 with Legislative
Appropriation Limitation--Schedule "D"

Retail Sales Tax Receipts by Counties--Statement "E"

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